



MOVING. FURTHER.

Annual Report
2017



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PERTAMINA BP

Annual Report
2017



MOVING. FURTHER.

Pertamina has demonstrated its constant reliability in addressing the global challenges being faced in the oil and gas industry, where the volatility of world oil prices creates a condition that poses an ongoing challenge for the Company. Pertamina has implemented various accurate strategies in order to confront these tough conditions; subsequently the Company continues to be able to move forward by posting a healthy financial performance in 2017.

Furthermore, the overall ability of Pertamina to survive in this strenuous environment has served to enhance the Company's reliability and readiness in addressing any future changes in the global situation.

For Pertamina, 2017 also marks its 60 years of work as an oil & gas mining company that has been able to transform into a leading energy company. With a variety of experiences and capabilities that have been constantly honed over the last six decades, Pertamina will continue to advance through the next decades so as to re-achieve various accomplishments and other significant achievements, in order to be able to help elevate the nation to an even higher level of prosperity.

CONTINUITY OF THEMES



2013

TOWARDS GLOBAL RECOGNITION

In 2013, Pertamina succeeded in posting overall improvement in its performance, including a number of achievements and progress that have strengthened our standing at the international communities, bringing us ever closer to our aspirations of Asian Energy Champion 2025, and taking an active role in elevating the people and nation of Indonesia to stand among the ranks of developed countries in the world.

The theme of Pertamina's 2013 Annual Report, "Towards Global Recognition", reflects on our business initiatives as well as progress and achievement during the year that have earned recognition at the international level.

2014

INSPIRING INDONESIA TO THE WORLD

In 2014, like other oil and gas companies, Pertamina faced a number of challenges. The political dynamics in the Middle East and the decline in oil prices negatively impacted many corporations, including Pertamina. Pertamina's room for growth was also limited by other factors such as political changes, government policies, and bureaucratic licensing. However, Pertamina was able to manage all these challenges and stands strong as the Nation's enterprise providing inspiration for Indonesia.

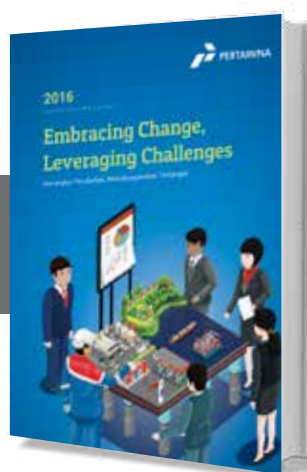
Pertamina consistently implemented the "aggressive upstream, profitable downstream" growth strategy, with emphasis on efficiency and production optimization as well as the strengthening of GCG. The theme of "Inspiring Indonesia to the World" in Annual Report 2014 was chosen to convey the moving-forward of global energy issues and to inspire others as an energy provider. Obviously, this step needs to be supported by all stakeholders to jointly address the challenges, manage opportunities, and share lessons learned on the international energy stage.

2015

REENERGIZING SPIRIT, STRENGTHENING COMMITMENTS

The sharp decline in global crude prices since early 2015 presented considerable challenges to oil and gas companies including Pertamina. To maintain operational stability in those challenging times, Pertamina embarked on the 5 Strategic Priorities program: expansion in upstream, efficiencies at all lines of activity, increasing refinery capacity, development of infrastructure & marketing, and improvement of financial structure.

With breakthrough project initiatives in the 5 Strategic Priorities, Pertamina was able to show satisfactory performance in 2015 in terms of operations, financial and non-financial. The year 2015 was thus a successful proving ground for Pertamina: notwithstanding the crisis situation, our fighting spirit remained undaunted throughout the organization, strengthening our resolve to strive ever harder towards our common commitments in ensuring energy self-sufficiency for the benefit of the people and nation of Indonesia.



2016

EMBRACING CHANGE, LEVERAGING CHALLENGES

The declining world oil price has brought a great change into the global economic and impacted on decelerated performance of the world's corporations. Pertamina interprets each challenge as part of a business dynamic that encourages us to be more resilient, more agile and more efficient in facing those changes. In the upstream sector, the low oil price becomes an opportunity to continue to expand, including acquisition of international oil and gas blocks to secure the supply of crude oil as an effort to support national energy security. In the downstream sector, Pertamina continues to revitalize and to build new refineries to produce quality products at the most optimal production costs. Operational excellence supported by efficiency and increased value added through breakthrough project initiatives, has generated significant performance contribution of both upstream and downstream sectors as well as financial results that exceed our expectations.

With improving financial structure, Pertamina has continued its upstream investment, processing and development of downstream infrastructure to sustain long-term growth. With its competence and experience, Pertamina is confident to move forward to realize the vision to become a world-class national energy company.



2017

MOVING. FURTHER.

Pertamina has demonstrated its constant reliability in addressing the global challenges being faced in the oil and gas industry, where the volatility of world oil prices creates a condition that poses an ongoing challenge for the Company. Pertamina has implemented various accurate strategies in order to confront these tough conditions; subsequently the Company continues to be able to move forward by posting a healthy financial performance in 2017.

Furthermore, the overall ability of Pertamina to survive in this strenuous environment has served to enhance the Company's reliability and readiness in addressing any future changes in the global situation.

For Pertamina, 2017 also marks its 60 years of work as an oil & gas mining company that has been able to transform into a leading energy company. With a variety of experiences and capabilities that have been constantly honed over the last six decades, Pertamina will continue to advance through the next decades so as to re-achieve various accomplishments and other significant achievements, in order to be able to help elevate the nation to an even higher level of prosperity.

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Caution regarding Forward-Looking Statements

This document may contain certain plans, projections, strategies and objectives of the Company that are not statements of historical fact and would be treated as forward looking statements. Forward-looking statements are subject to risks and uncertainties that may cause actual events, and the Company's future result, to be different than expected or indicated by such statements. No assurance can be given that the result anticipated by the Company,



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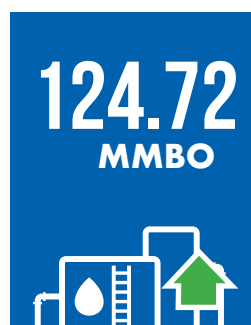
2017 RESULTS AND ACHIEVEMENTS



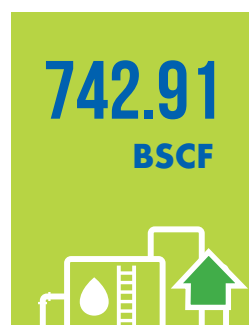
Sales and business revenues in 2017 increased by 17.7% up from USD 36.49 billion in 2016.



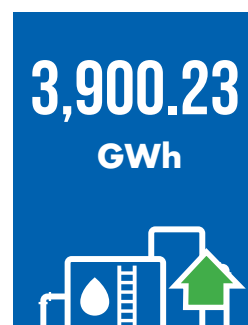
Net income in 2017 decreased by 19.3% down from USD 3.16 billion in 2016.



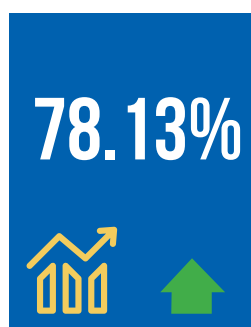
Crude oil production in 2017 increased by 9.4% up from 114.03 MMBO in 2016.



Natural gas production in 2017 increased by 5.8% up from 717.70 BSCF in 2016.



Own operation geothermal production in 2017 increased by 28.2% up from 3,042.83 GWh in 2016.



The yield value of refinery products in 2017 increased by up from 77.67% in 2016.



Non-PSO fuel product sales in 2017 increased by 12.3% up from 42.2 million KL in 2016.



Non-fuel product sales - Non-PSO in 2017 increased by 14.3% up from 4.6 million KL in 2016.



Increased in gas sales from 708,684 BBTU in 2016 up to 823,769 BBTU in 2017.



Performance Rating Program in Environmental Management (PROPER) through the Ministry of Environmental Affairs and Forestry (LHK) for the 2016-2017 period witnessed an increase from 7 Gold PROPER in 2016.

BREAKTHROUGH PROJECT 2017

The Breakthrough Project (BTP) is one of the ongoing programs facilitating Pertamina's transformation into a world-class national energy company. The initiatives of BTP are focused on efficiency across all lines of business in order to remain competitive in the oil and gas industry, which is still facing severe challenges. In 2017, the BTP New Initiatives program announced a target of the value added achievement at the amount of USD 1,192.1 million and achieved USD 998 million or 84% of the target, consisting of USD 651.2 million in efficiency and top up revenues of USD 346.6 million was successfully realized. The total cumulative financial impact generated achieved USD 2,271.6 million, if calculated with value creation.

01

Value Creation 1,273.9 Million

- **BTP PKPH Phase 2** amounting to USD 6.2 million, coming from the increased production of the Jirak field (72 BOPD) and Rantau field (359 BOPD).
- **BTP MORE 2017** in the amount of USD 160.3 million resulting from the initiatives of distribution cost optimization, overhead cost optimization, shipping operation optimization, and project acceleration optimization.
- **BTP SROE** amounting to USD 71.9 million from the procurement of goods & services optimization initiatives and the initiatives to improve Banyu Urip crude oil processing as well as more efficient procurement of goods and services by the Directorate of Processing.
- **BTP Gas for Transportation** value creation amounting to USD 12,700 coming from the utilization of carpool fuel savings with the initiative of switching fuel usage from BBM to BBG for Pertamina's and Subsidiaries' carpool.
- **International Trading** in the amount of USD 3.1 million, obtained from optimization of LPG trading in order to meet the needs of ENI Muara Bakau B.V.
- **BTP ISC 3.0** in the amount of USD 332.8, obtained from the Unconstraining of the L/P initiative.

02

Efficiency of USD 651.2 Million

- **BTP ISC 3.0** which contributed to the reduction in the cost of processing, at the refinery through the procurement of crude oil & products from African & Asian crude. The calculation of efficiency was obtained from the alpha difference (realization vs owner estimate) in the amount of USD 259.1 million.
- **BTP SROE** was able to save USD 164.5 million, from the optimization of Steam Production from RFCC RU IV & RU VI, RU's loss control, as well as the Optimization of RU's Boiler & Furnace.
- **BTP Efficiency Campaign** by controlling the OPEX cost resulting from the Directorate of Upstream, Finance, Processing, Gas, HR, and Asset Management amounting to USD 200 million through to the end of November 2017. The key success factor in this cost control cannot be separated from other BTP roles and efforts, which was BTP IT Infrastructure Efficiency, which generated savings in procurement contract negotiations for Managed-Printing Services in 2017 (USD 10.2 million) and other IT contracts as well as BTP Procurement & Logistic Excellence (USD 424 million), which has successfully made

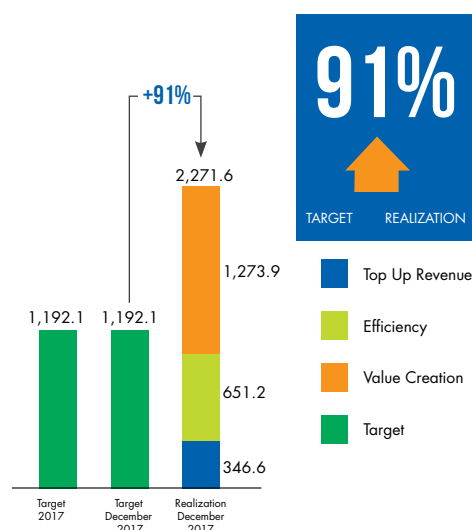
ABO and ABI savings due to the negotiation of Corporate Services and APH procurement contracts, as well as the optimization of the inventory for the Upstream Subsidiaries.

- **BTP MORE** through the efficiency of bunker utilization in the program optimization of shipping operations in the amount of USD 4.7 million.
- **BTP Optimasi Tj Uban and P Sambu** in the amount of USD 5,5 million, which was obtained from savings in blending implementation at Tj Uban as compared to the import price
- **BTP Upstream Operational, Business Excellence & Improvement** also resulted in efficiencies from the optimization of the PIEP Algeria operational activities in the amount of USD 17.4 million.

03

Top Up Revenue USD 346.6 Million

- **BTP Upstream Operational, Business Excellence & Improvement** with an accelerated cost recovery billing, production acceleration, and LPO reduction effort amounting to USD 308.6 million. The closeout report for the accelerated collection of cost recovery in the amount of USD 265.3 million is still not finalized by PEP & PHE close; therefore it is still categorized as value creation.
- **BTP Restructuring of the Subsidiaries** top up revenues of USD 1.1 million, obtained from additional sales of apartments by Patra Jasa
- **BTP Spiritual Marketing** amounting to USD 36.8 million, derived from the top-up of Pertamina Turbo profit realization and above the accumulative RKAP profit target through to December 2017.



8 WORLD-CLASS PERTAMINA PRIORITIES

2017 has been a year of cultural change and performance acceleration for Pertamina. Pertamina has mapped out all operations and subsidiaries in order to determine the corporate agenda priorities in order to achieve the 2025 aspiration and the realization of the vision and mission of Pertamina to become a world-class national energy company.

Pertamina has set out the "8 World-Class Pertamina Priorities" agenda, which was compiled based on the SMART (Specific, Measurable, Achievable, Realistic and Timebound) principles and developed with perspective on the current market conditions. This priority serves as the foundation for all operations and subsidiaries in determining the strategic initiatives so as to ensure the achievement of the Company's Long Term Plan (RJPP) and Corporate Work Plan and Budget (RKAP).

The items in the 8 priorities agenda have become Pertamina's top priority in moving towards the goal of becoming a world-class national energy company. All Pertamina personnel shall imbue a sense of responsibility towards cost savings, contributing and synergizing in the implementation of the 8 priorities, both in for internal and corporate operation.

08 COMPANY GROWTH

Increased reserves and production of oil and gas, both organic and inorganic; including the development of business, capability, and risk sharing through the expansion of partnerships with world-class companies.

Main Indicators:

- Cost Efficiency (cost/bbl)
- Production Growth (%)
- RRR (%)

03

UPSTREAM GROWTH

01

HSSE & SUSTAINABILITY

02

HUMAN CAPITAL DEVELOPMENT

Vision: Becoming a World-Class National Energy Company

Sustainable Corporate Growth; through investment and business portfolio optimization, enabling the Company to continue to grow, subsequently meeting the stakeholders' expectations.

Main Indicators: EBITDA Growth (%), ROIC (%), Capex to Revenue Ratio (%), OTOBOSOR

Aggressive and business-oriented development of the downstream gas business portfolio; selectively and efficiently through the expansion of domestic and global supply sources.

Main Indicators:

- Gas sales volume
- Gas market share

Increase in downstream margins; through improved operational efficiency (refinery turn-around, upgrading & RDMP) and high-value products.

Main Indicators:

- Net Cash Margin (USD/bbl)
- Yield Valuable Product (%)
- Energy Intensity Index

Utilization of New and Renewable Energy selectively and efficiently; in order to support the resilience of national energy, including Geothermal and developing partnerships and ownership of investments in potential EBT companies.

Main Indicators:

- Power capacity (MW)

Increase in profitability and market share; through the efforts of market penetration, market expansion, strategic infrastructure development, and meeting the MM & products requirements with a competitive and integrated supply chain.

Main Indicators:

- Market share (%)
- Operating profit margin (%)
- Customer satisfaction Index
- Cost efficiency (USD/KL)

04

**GAS
GROWTH**

05

**STRENGTHENING
REFINING &
PETROCHEMICAL
BUSINESS**

06

**NEW AND
RENEWABLE
ENERGY
DEVELOPMENT**

07

**INFRASTRUCTURE
& MARKETING
DEVELOPMENT**

Implementation of the principles of HSSE Excellence in every Company activity, as well as the 3P (People, Planet, Profit) aspect in the Company's business activities.

Main Indicators: level 8 ISRS, FAR (Fatal Accident Rate), Proper rating, GRI, NOA

Strengthening and accelerating HR development; with competent leadership and technical competence, as well as a high-performance culture with the 6C values and JTA (Honesty-Sincerity-Trustworthy) behaviour.

Main Indicators: Leadership Competency Index, Learning & Dev Hours/FTE

LONG-TERM CORPORATE PLAN

To realize the vision of “Becoming a World Class National Energy Company” as described in the 2015-2019 Company Long Term Plan (RJPP), Pertamina has established the theme of Aggressive Upstream, Profitable Downstream strategy that is directed to the achievement of the Company’s goals as closely as possible, that covers:

01

02

01 UPSTREAM SECTOR STRATEGY

Setting the oil and gas production target at 1,039.4 MBOEPD in 2019 with the 2015 to 2019 growth at the Compound Annual Growth Rate (CAGR) of 15% through the following strategies:

- Increasing the number of reserves and production of oil and gas organically through exploration and development activities, EOR, as well as production optimization.
- Increasing the number of reserves and production of oil and gas in organic and inorganic manner through the acquisition of fields for production, fields for development, and fields for exploration both domestically and overseas.
- Develop investment projects that provide maximum benefits over the next five years (2015-2019).

02 STRATEGY OF THE GAS, NEW AND RENEWABLE ENERGY SECTORS

The main objective of the Gas and New and Renewable Energy business is to capture the opportunities coming from all gas business chains, develop and integrate Pertamina’s gas portfolio from upstream to downstream, as well as to develop the New and Renewable Energy business in Indonesia through the following strategies:

- Expanding domestic and global supply sources (supply and trading) for the control of the gas business in the domestic market.
- Develop New and Renewable Energy sources by utilizing government incentives and other profitable policies.
- Developing the LNG, LPG, CNG infrastructure, industrial gas pipelines (transmission and distribution) and city gas networks, to fulfill gas requirements and domination of the domestic market.
- Develop aggressive and business-oriented downstream business portfolios for CNG, LNG (industry, mining, transportation, and maritime) gas trading and gas transmission and distribution to dominate the gas business throughout the value chain and create added value for the stakeholders.

03 DOWNSTREAM SECTOR STRATEGY (PROCESSING, MARKETING, AND TRADING)

The theme of the downstream business is profitable downstream, which is increasing profit through an increase in competitiveness, efficiency and optimization of the refinery operations for high value products through the following strategies:

- Meeting the demands for domestic downstream products with a competitive supply chain.
- Increasing downstream margins by increasing operational efficiency and high value products.
- Developing investment projects so as to increase the capacity of infrastructure that will generate the optimal profit in the upcoming five year period (2016-2020)
- Focus on customers in order to realize the world-class customer services capabilities.
- Realizing operational excellence and cost leadership.
- Developing strategic partnerships in order to create synergy in facing the competition.
- Developing world-class capabilities by building a world-class organization in terms of physical aspects (infrastructure), human resources, and systems. Continuous business process improvement to achieve a lean operation so as to better support the sales forces as the M&T frontliners.

03

In addition to the three main strategies, the Company's Long Term Plan is also supported by supporting strategies, including:

- Implementing the principles of HSE excellence in all of the Company's activities.
- Implementing the Integrated Supply Chain (ISC) strategy to ensure the procurement of national stocks.
- Formulating the Risk Appetite and Risk Tolerance in the Top Corporate Risk Profile.
- Improving Corporate, Business units, and Subsidiaries' performances through an improved implementation of the Performance Management System.
- Developing an integrated and comprehensive Corporate Portfolio Optimization.
- Optimizing the ERP-based Human Resources Information System (HRIS) for the whole HR management cycle.
- Developing the Corporate University as a "vehicle" for the preparation of Human Resources for the technical, operational, strategic, and visionary levels.
- Implementation of the Business Planning and Consolidation (BPC) -MySAP module at PT Pertamina (Persero).
- Development of the SAP Business Object-CFO Dashboard system to support the speed and availability of standardized information for mobile decision makers.
- Developing a smart, green and iconic office centre
- Implementing Internal Controls over Financial Reporting (ICOFR) Program so as to encourage the implementation of internal control in Pertamina in accordance with the IFRS (International Financial Reporting Standard).
- Encouraging changes through Information Communication and Technology (ICT) and shared services.
- Meeting the Goods and Services demands through Supply Chain Management.

* Since the 2017 Investment and Profit projection still has a deviation below 20% of the 2015-2019 RJPP target, the Board of Directors and the Board of Commissioners has assessed that it is not necessary to re-apply the revised 2015-2019 RJPP to the shareholders.

FINANCIAL PERFORMANCE HIGHLIGHTS

(in million USD)



Description	2017	2016	2015	2014*	2013*
CONSOLIDATED INCOME STATEMENT					
Sales and Other Operating Revenues	42,959	36,487	41,763	69,996	71,170
Cost of Sales, Other Direct Costs and Operating Expenses**	38,193	30,293	37,842	65,558	66,431
Income from Operations	4,766	6,194	3,921	4,438	4,739
Other Income (Expense) - Nett	(1,191)	(1,248)	(914)	(650)	227
Income Before Income Tax Expense	3,576	4,946	3,007	3,788	4,966
Income Tax Expense	1,023	1,783	1,565	2,311	1,957
Income for the Year	2,553	3,163	1,442	1,477	3,009
Other Comprehensive Income (Expense), Nett of Tax	(145)	(64)	(298)	(61)	(171)
Total Comprehensive Income	2,407	3,099	1,144	1,416	2,838
Income Attributable to:					
Owners of the Parent***	2,540	3,147	1,420	1,447	3,003
Non-controlling Interest	12	16	22	30	6
Total Comprehensive Income Attributable to:					
Owners of the Parent	2,363	3,082	1,154	1,397	2,839
Non-controlling Interest	44	17	(10)	19	(1)
EBITDA	6,323	7,563	5,130	5,728	6,561
CONSOLIDATED FINANCIAL POSITION					
Current Assets	17,287	16,241	14,330	20,493	24,113
Non-current Assets	33,927	30,992	31,189	30,203	25,394
Total Assets	51,214	47,233	45,519	50,696	49,507
Short-term Liabilities	9,417	8,107	8,547	13,746	16,572
Long-term Liabilities	17,970	17,051	17,497	18,135	14,771
Liabilities	27,387	25,158	26,044	31,881	31,343
Equities	23,827	22,075	19,475	18,815	18,164
Total of Liabilities and Equities	51,214	47,233	45,519	50,696	49,507
Net Working Capital	7,870	8,134	5,783	6,747	7,541
Total of Investments in Associated Entities	584	698	499	275	600

(in million USD)



Description	2017	2016	2015	2014*	2013*
FINANCIAL RATIO KEP MEN BUMN NO. 100					
ROE (%)	15.75	22.77	11.71	14.30	28.48
ROI (%)	13.58	17.86	12.90	13.13	14.67
Cash Ratio (%)	58.12	66.31	38.19	27.52	28.54
Current Ratio (%)	183.57	200.33	167.67	149.09	145.50
Collectibility Period (days)	38	43	42	38	42
Inventory Turnover (days)	51	47	38	37	47
Total Assets Turn Over (%)	93.40	87.42	106.18	161.21	160.57
Total of Equity to Total Asset (%)	42.69	42.46	40.50	34.95	32.37
FINANCIAL RATIO (in percentage)					
Debt to Equity Ratio *****	50.58	51.91	71.23	94.76	84.87
Debt to Assets Ratio *****	23.03	24.03	30.18	34.79	31.01
Long-term Debt to Equity Ratio *****	48.63	51.31	61.73	67.97	55.87
Long-term Debt to Assets Ratio *****	22.14	23.75	26.15	24.96	20.41
Return on Assets (ROA)	4.96	6.66	3.12	2.85	6.07
Net Profit Margin	5.84	8.50	3.36	2.06	4.17
INCOME & COMPREHENSIVE INCOME PER SHARE					
Total Number of Shares (in unit)	133,090,697	133,090,697	83,090,697	83,090,697	83,090,697
Earning per Share (in USD) ****	19.09	23.65	17.09	17.41	36.14
Comprehensive Earning per Share (in USD)	17.76	23.15	13.88	16.82	34.17
EXCHANGE RATE OF RP TO US DOLLAR (Exchange rate of Rp to US Dollar)					
End of Year Exchange Rate	13,548.00	13,436.00	13,795.00	12,440.00	12,189.00
Average Exchange Rate	13,384.13	13,307.38	13,391.97	11,878.30	10,451.37

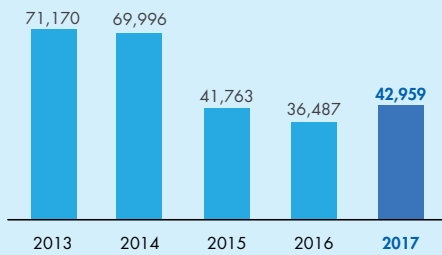
- * As restated due to the retrospective implementation of SFAS 24 "Employee Benefits" and SFAS 66 "Joint Control"
 ** Operating Expenses consist of Selling and Marketing Expenses and General and Administrative Expenses
 *** In the Annual Report is presented as Net Income
 **** In the Annual Report is presented as Earning Per Share
 ***** The number was recalculated due to reclassification, thus it is presented differently than that of the Annual Report 2013
 ***** Liabilities is loan with interest/interest bearing liabilities



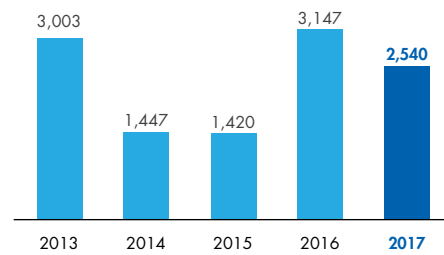
FINANCIAL PERFORMANCE HIGHLIGHTS

Sales and Other Operating Revenues

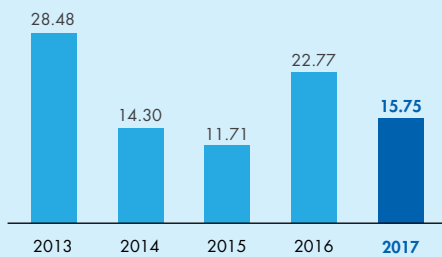
(in million USD)

**Net Income**

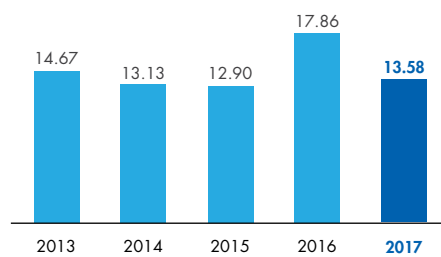
(in million USD)

**ROE**

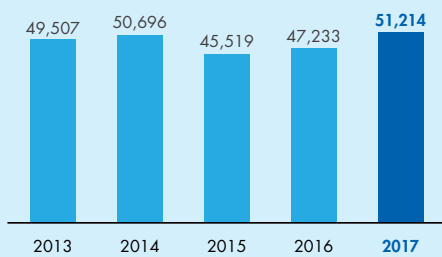
(in percentage)

**ROI**

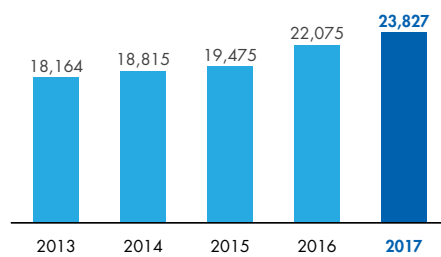
(in percentage)

**Total Assets**

(in million USD)

**Total Equities**

(in million USD)



OPERATIONAL PERFORMANCE HIGHLIGHTS

PT PERTAMINA (Pesero), Parent Company (In Million Rupiah unless Otherwise Stated)

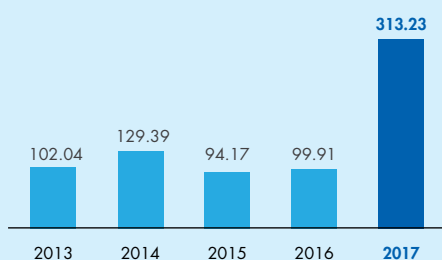


Description		Unit	2017	2016	2015	2014	2013
Crude Oil	Discoveries of Oil and Condensate Reserves	MMBO	313.23	99.91	94.17	129.39	102.04
	Crude Oil Production	MMBO	124.72	114.03	101.60	98.61	73.55
Natural Gas	Discoveries of Natural Gas Reserves	BSCF	1,631.37	986.45	876.84	973.18	783.73
	Natural Gas Production	BSCF	742.91	717.70	694.33	588.67	557.67
Geothermal, Steam Production Equivalent to Electricity	Pertamina Owned Operations	GWh	3,900.23	3,042.83	3,056.82	2,831.40	2,962.85
	JOA (Joint Operating Agreement)	GWh	7,803.49	6,932.51	6,268.68	6,941.59	6,282.94
	Total Steam Production Equivalent to Electricity	GWh	11,703.81	9,975.34	9,325.50	9,772.99	9,245.79
Refinery	Crude Oil, Gas and Intermediate Processing	Million Barrel	324.35	327.79	305.95	314.42	314.03
	Fuel Production Volume** (10 Main Fuel Products)	Million Barrel	253.41	265.78	241.07	241.16	239.04
	Non-fuel Production Volume(Petrochemical, Solvent and Non-fuel Products)	Million Barrel	21.08	26.14	23.41	22.18	21.74
Marketing & Distribution	Fuel Sales (10 Main Fuel Products + Peralite)	Million KL	66.81	64.61	61.63	65.17	65.37
	Domestic Sales of Non-fuel Products (Gas, Lubricants, Petrochemical, and other Non-fuel)	Million MT	11.80	9.48	9.00	8.62	7.73
	Transportation Cargo	Million KL	116.23	112.95	96.58	99.12	91.84
	Export of Refinery Products	Million Barrel	2.98	15.26	27.17	37.73	42.40
	Import of Refinery Products and Domestic Purchase	Million Barrel	193.73	204.74	208.55	234.56	228.81
	LNG Sales*	Million MMBTU	710.53	605.81	633.85	632.63	655.23

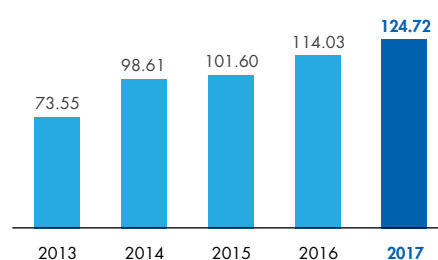
* Including domestic sales of Nusantara Regas

** 10 Main Fuel Products: Premium, Kerosene, High Speed Diesel, Industrial/Marine Diesel Oil, Industrial/Marine Fuel Oil, Avigas, Avtur, Pertamina, Pertamina Plus, Pertamina Dex. In 2017, the fuel sales volume includes Peralite, Dexlite, Pertamina Turbo.

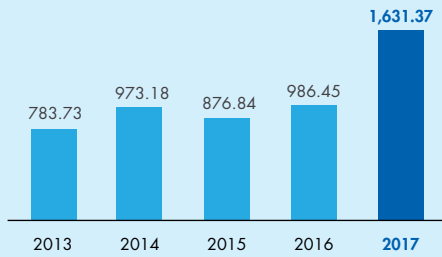
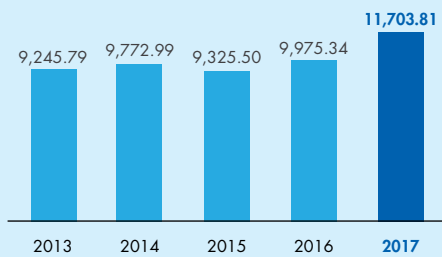
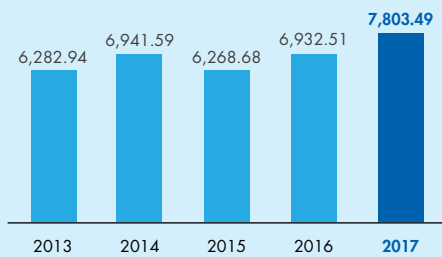
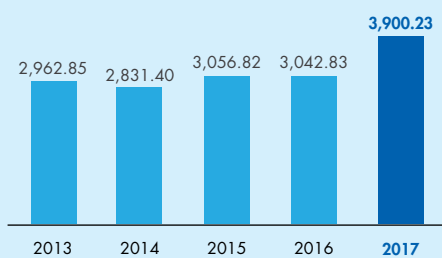
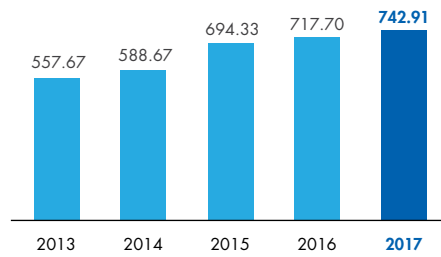
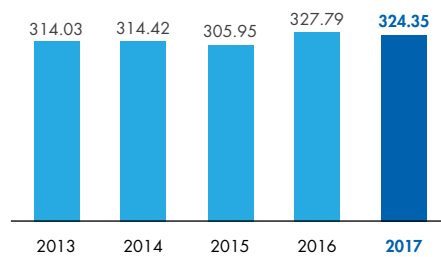
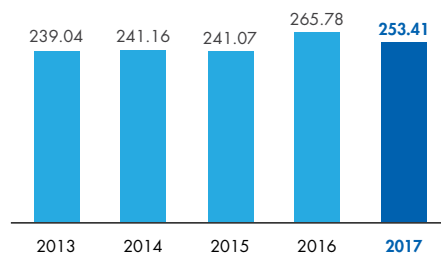
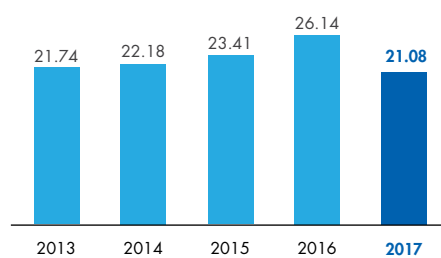
Discoveries of Oil and Condensate Reserves
(MMBO)



Crude Oil Production
(MMBO)

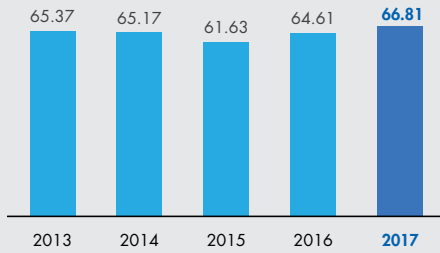


OPERATIONAL PERFORMANCE HIGHLIGHTS

Discoveries of Natural Gas Reserves
(BSCF)**Total Steam Production Equivalent to Electricity**
(GWh)**Steam Production Equivalent to Electricity, Joint Operating Agreement (JOA)** (GWh)**Steam Production Equivalent to Electricity, Pertamina Owned Operation** (GWh)**Natural Gas Production**
(BSCF)**Crude Oil, Gas and Intermediate Processing**
(Million Barrel)**Fuel Production Volume (10 Main Fuel Products)**
(Million Barrel)**Non-fuel Production Volume (Petrochemical, Solvent and Non-fuel Products)** (Million Barrel)

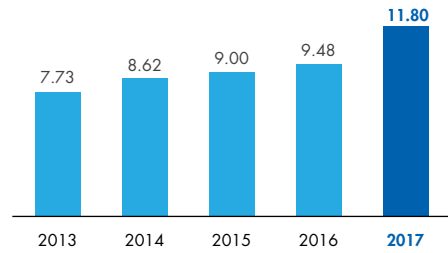
Fuel Sales (10 Main Fuel Products)

(Million KL)



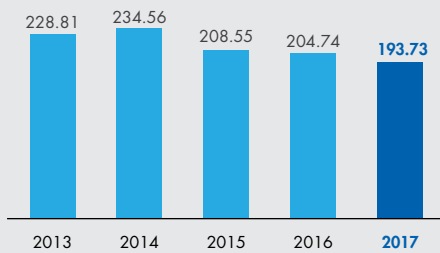
Domestic Sales of Non-fuel Product (Gas, Lubricants, Petrochemical and other Non-fuel)

(Million KL)



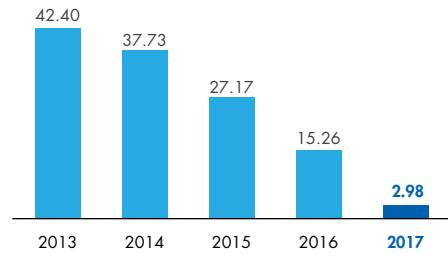
Import of Refinery Products & Domestic Purchase

(Million Barrel)



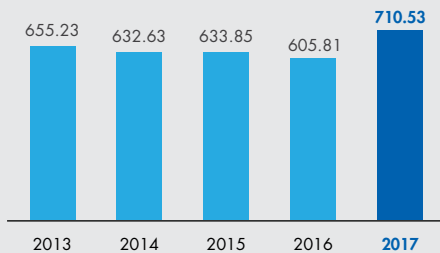
Export of Refinery Products

(Million Barrel)



LNG Sales

(Million MMBTU)



SHARE HIGHLIGHTS AND OTHER SECURITIES ISSUANCE

SHAREHOLDERS

Pertamina is a State Owned Enterprise (SOE) and its shares are fully owned by the Government of the Republic of Indonesia. Therefore, the Pertamina's Annual Report of 2017 does not present information regarding 20 largest shareholders and details of other shareholders and their holdings.



OWNERSHIP OF DIRECTORS AND COMMISSIONERS OF PERTAMINA

All members of the Board of Directors and the Board of Commissioners of PT Pertamina holds no shares in PT Pertamina (Persero), both directly and indirectly.

SHARE PRICE INFORMATION

Up to 2017, PT Pertamina (Persero) did not issued or publicly trade its shares and is not listed on the stock exchange. Therefore, Pertamina does not present information on shares price and trading volumes as well as information on the market capitalization of over two years, in the form of tables and graphs in this 2017 Annual Report.

SHARE LISTING CHRONOLOGY

Since PT Pertamina (Persero) did not issued or publicly trade its shares, including private placement and/or share listing, therefore the Pertamina's Annual Report of 2017 does not present information regarding the issuance of shares or the corporate action on shares. The last stock changes in Pertamina occurred in 2012, where there was a change in paid up capital from Rp82,569,779,000,000 (eighty-two trillion five hundred and sixty-nine billion seven hundred and seventy-nine million Rupiah) to be Rp83,090,697,000,000 (eighty-three trillion ninety billion six hundred and ninety-seven million Rupiah). The change in paid-up capital was contained in Deed of Statement of Resolution of General Meeting of Shareholders of PT Pertamina (Persero) dated 1st August 2012

OTHER SECURITIES ISSUANCE

Up to 2017, PT Pertamina (Persero) did not issued or listed other securities on any stock exchange. Therefore, Pertamina does not present information on other securities issuance and listing chronology.

BONDS PERFORMANCE HIGHLIGHTS

Pertamina has issued a Global Bond throughout the years 2011-2014 as well as listing it on the Singapore Exchange (Singapore Exchange/SGX). The funds obtained from the issuance of senior bonds were used to finance the investment requirements. The principal amount of Pertamina global bonds until the end of 2017 amounted USD8,549.5 million. During the years 2015-2016, Pertamina to buy back most of the senior bonds amounting USD200.5 million.

Description	Pertamina Global Bond 2014 PTM 2044	Pertamina Global Bond 2013 PTM 2043	Pertamina Global Bond 2013 PTM 2023	Pertamina Global Bond 2012 PTM 2042	Pertamina Global Bond 2012 PTM 2022	Pertamina Global Bond 2011 PTM 2041	Pertamina Global Bond 2011 PTM 2021
Issuance Date	30 th May 2014	20 th May 2013	20 th May 2013	3 rd May 2012	3 rd May 2012	27 th May 2011	23 rd May 2011
Due Date	30 th May 2044	20 th May 2043	20 th May 2023	3 rd May 2042	3 rd May 2022	27 th May 2041	23 rd May 2021
Tenor	30 Years	30 Years	10 Years	30 Years	10 Years	30 Years	10 Years
Amount of Outstanding Bonds	USD 1,500 Million	USD 1,462.5 Million	USD 1,615 Million	USD 1,230 Million	USD 1,242 Million	USD 500 Million	USD 1,000 Million
Coupon	6.450%	5.625%	4.300%	6.000%	4.875%	6.500%	5.250%
Issue Price	100%	100%	100%	98.63%	99.41%	98.38%	98.09%
Ratings at Issuance:							
S&P	BB+ (Positive)	BB+ (Positive)	BB+ (Positive)	BB+ (Positive)	BB+ (Positive)	BB+ (Positive)	BB+ (Positive)
Fitch	BBB- (Stable)	BBB- (Positive)	BBB- (Positive)	BBB- (Stable)	BBB- (Stable)	BBB+ (Positive)	BBB+ (Positive)
Moody's	Baa3 (Stable)	Baa3 (Stable)	Baa3 (Stable)	Baa3 (Stable)	Baa3 (Stable)	Ba1 (Stable)	Ba1 (Stable)

SUKUK & CONVERTIBLE BONDS

Until 2017, PT Pertamina (Persero) did not issue or owned sukuk or convertible bonds, therefore the Pertamina's Annual Report of 2017 does not present information on outstanding sukuk and convertible bonds in the last two years.

2017 AWARDS

CORPORATE



25th January 2017

Award from the Ministry of SOEs in Finance for the Finance Director of Pertamina Arief Budiman.
By the Ministry of SOE.

14th March 2017

Taxpayers Award with Highest Compliance Rate.
By Ministry of Finance

26th April 2017

The Most Impressive Issuers by Country-Indonesia and The Most Impressive Issuers in the category of: Instrument Grade Corporate Borrowers 2017.
By FinanceAsia Magazine.

26th April 2017

Best Performing Vendor 2017 in Energy.
By PT Suzuki Indomobil Motor.

15th September 2017

Best SOE in the category of Best Corporate Governance (GCG) and Best SOE CEO for the Visionary category.
By the 2017 SOE Award Event.

12th December 2017

- Awarded as the State Owned Enterprise (SOE) with the Best Gratuity Control System
- Awarded as the Institution with the Best LHKPN Compliance Level in 2017

By the Corruption Eradication Commission (KPK).

19th December 2017

Awarded as most Trusted Company based on the 2017 Corporate Governance Perception Index (CGPI).
By the Indonesian Institute for Corporate Governance (IICG) with SWA Magazine.

CONTINUOUS IMPROVEMENT PROGRAM

14th September 2017

Pertamina EP dominated the platinum achievement across five working areas, which are Subang Field, Rantau Field, Tarakan Field, Lirik Field, and Jatibarang Fields.
By the 2017 Indonesian SDGs Award (ISDA).

29th September 2017

- The Most Popular Company 2017 in the Oil & Gas Company category,
- The Most Popular Company in Asia,
- The Most Popular Innovation, and
- The Most Popular CEO

By the 2017 Indonesia Corporate PR Award.

29th September 2017

National Energy Efficiency Award 1st Ranking in the Category of Energy Management Sub Category Energy Management in Small and Medium Industries Ranked 1st Sub Category of Large Special Innovation Industry.
By the Ministry of Energy and Mineral Resources, Directorate General of New, Renewable Energy, and Energy Conservation.

30th September 2017

Taipei International Invention Show & Technomart (INST) 2017

- Honorable Mention for PC-P Flying Dutchman,
- Special Prize from Korea (KIPA, Korea Invention Promotion Association) for PC-P Optimis,
- Special Prize from the United Arab Emirates (UAE) for PC-P Flying Dutchman,
- Best Invention, Special Prize of Syrian Inventors for IP Tedi,
- Special Prize from Poland (Polish Inventors Association) for FT-P Sentris,
- Special Prize from the National Research Council Thailand for PC-P Flying Dutchman, and
- Special Prize from the National Research Council Thailand for PC-P Poleng

Gold for FT-P Sentris,
Gold for PC-P Optimis,
Silver for IP Tedi, Bronze for PC-P Poleng.

23rd-24th October 2017

The Asia Pacific Quality Organization (APQO) is an autonomous, non-political, non-profit, scientific and technical organization domiciled in the Asia Pacific region fixed by the Core Council, Manila

- Three Star Category for FT Prove FLARE for MOR I,
 - Two Star Category for PC Prove D'Way, and
 - Two Star Category for FT Prove RTG for MOR VI
- By the Philippine Society For Quality (PSQ).

25th-26th October 2017

International Convention on Quality Control Circles (ICQCC), Manila GOLD for PC Prove Cendrawasih for MOR VIII and I Prove AL-Anwar

- RU VII Kasim; PC Prove Provata
- PT Pertamina EP Cepu, PC Prove Relocation
- PT Pertamina Hulu Energi, PC Prove D'Ramlan
- PT Pertamina EP, PC Prove Rencong Emas
- PT Pertamina Hulu Energi, PC Prove Timur Sea
- USPOE
- JOB PPEJ
- PEP.

By the Quality and Productivity Association of The Philippines (QPAP).

13th November 2017

3rd Place "Kaizen" Category for PC Prove Djenggo – PHE, for:

- FT Prove Crocker – PT Pertamina EP
- PC Prove Turbin – PT Pertamina Geothermal Energy
- PC Prove Djenggo – PT Pertamina Hulu Energy
- PC Prove OMEGA – RU IV
- I Prove Sitarang – MOR VI

In the CIP International CIISC Dubai Presentation Forum.

13th November – 2nd December 2017

CIP International Forum, Seoul International Invention Fair (SIIF) Korean Presentation Forum

- GOLD Category and Special Prize From King Abdul Aziz University for PC Prove Janoko – PT Pertamina Drilling Service Indonesia
- GOLD Category and Special Prize Best Invention from Syrian Inventors for FT Prove Divergent – PT Pertamina Hulu Energi
- SILVER Category and Special Prize From the Malaysian Association of Research Scientist for Excellent Achievement for FT Prove JLAB
- PT Pertamina Geothermal Energy
- BRONZE Category and Special Prize from the National Research Council of Thailand for Best International Invention for PC Prove Trap 306 – RU V Balikpapan
- BRONZE Category and Special award from the Taiwan Invention Association for PC prove La Dame – PT Pertamina EP By KIPA, Korea Invention Promotion Association.

27th September 2017

- National Energy Efficiency Award Ranked 1st in the Energy Management Category, Sub Category of Energy Management in the Small and Medium Industry, which was obtained by Rewulu Fuel Terminal, Ranked 1st for the Sub Category of Special Innovation for Large Industry, which was obtained by PT Pertamina Hulu Energi ONWJ.
- Pertamina Award for the Indonesia MAKE Award national champion, and entitled to represent Indonesia in the Asian MAKE Award for the fourth time with the award ceremony to be held in Beijing in March 2018.

MARKETING**9th March 2017**

Above The Line Gold: PERTALITE and Below The Line Gold: Bright Gas Category By WOW Brand Festive Day 2017.

23rd April 2018

Golden Globe Tiger Award 2017 Marketing Campaign of The Year Category By The Golden Globe Tigers 2017.

3rd May 2017

The Most Promising Company in Branding Campaign Category. By BUMN Marketers Awards.

6th June 2017

2017 Most Outstanding Product/Service and 2017 Most Outstanding Marketing Campaign & Strategy. By Superbrands Special Awards 2017.

6th June 2017

Top of Mind Peralite and Pertamax. By Superbrands Special Awards 2017.

19th July 2017

Top Brand for the category of Non-Subsidized Fuel for Pertamax and Peralite, which were successfully considered to be the customers' 1st choice. By Top Brand Award 2017.

10th August 2017

The Best Favorite Fuel 2017 for MOR III. By Autocar Readers Choice Awards.

7th September 2017

The Most Powerful Oil & Energy Company in Indonesia. By Brand Asia 2017.

13th September 2017

The Best Marketing Campaign and The Best Market Driving Campaign. By Marketing Award 2017.

14th November 2017

The 1st Winner in Mining Category in Indonesia Best eMark Award 2017. By Telkom University and SVWA- Business Digest Magazine.

29th November 2017

Best of The Best Brand Awareness and Education Category-Bright Gas #Thinkpink Homemade Cooking Competition. By Brand Activation Award 2017.

**OCCUPATIONAL HEALTH
AND SAFETY****6th February 2017**

OHS Award for Refinery Unit (RU) IV Pertamina. By the Governor of Central Java.

17th February 2017

Provincial Zero Accident Award 2017 for TBBM Kotabaru. By the Regional Secretary of the South Kalimantan Province, Abdul Haris Makie.

21st February 2017

- Zero Accident Award for Fuel Terminal (TBBM) Tuban. By the Governor of East Java.
- MURI Record for SCBA Utilization for Pertamina RU IV. By the Indonesian Record Museum.

28th April 2017

Golden Award 2017. By SIWO PWI.

23rd May 2017

The Zero Accident Award 2017 for RU II. By the Ministry of Manpower of the Republic of Indonesia.

13th July 2017

Award Category of work environment that supports the Prevention of Eradication Abuse and Illicit Circulatory Drugs (P4GN) program for MOR VI. By The National Anti-Narcotics Agency (BNN) of Balikpapan City.

20th September 2017

Award from the WSO Concern Company category for RU VI. World Safety Organization (WSO).

18th December 2017

Gold PROPER for 11 operational units and subsidiaries from the Ministry of Environmental and Marine Affairs. The 11 operational units and subsidiaries were:

- PT Pertamina Hulu Energi Offshore North West Java
- PT Pertamina EP Asset 5 Field Tarakan
- Marketing Operation Region III TBBM

Bandung Group

- PT Pertamina Hulu Energi West Madura Offshore
- PT Pertamina EP Asset 1 Field Rantau
- JOB Pertamina Talisman Jambi Merang
- Refinery Unit VI Balongan
- PT Badak NGL
- Marketing Operation Region IV TBBM Rewulu
- PT Pertamina Geothermal Energy Area Kamojang
- Marketing Operation Region V DPPU Ngunrah Rai

**CORPORATE SOCIAL
RESPONSIBILITY****5th April 2017**

- TOP CSR 2017 in the category of Holding Company. By TOP CSR AWARD 2017.
- Marketeers of The Year Surabaya 2017 in the field of Natural Resources and Mining for Marketing Operation Region (MOR) V. By Marketeers Magazine.

12th April 2017

Contact Center Service Excellence 2017 for the Call Center 1-500-000 Pertamina and Customer Service Email Center pcc@pertamina.com. By Carre Center for Customer and Loyalty.

14th July 2017

- Dharma Krida Baraya Adikarya Anugraha 2017 for RU II SE PAKNING. By the University of Sebelas March (UNS) Solo.
- Dharma Krida Baraya Adikarya Anugraha for RU VI. By the University of Sebelas March (UNS) Solo.

28th September 2017

- Dharma Karya Award of the Ministry of Energy and Mineral Resources (ESDM) 2017 By the Ministry of ESDM.
- Dharma Karya ESDM-Madya Award obtained by 3 (three) Pertamina task forces, which are Belah Duren Task Force from Pertamina Shipping, WO-WS Jatibarang Task Force from Pertamina EP and Sypon Effects Task Force from Pertamina Hulu Energi.
- Dharma Karya ESDM-Muda Award by 24 (twenty four) task forces.

6th September 2017

The Best Nusantara CSR Awards for the Education Quality Improvement Category, Social Economic Improvement Category, and Health Quality Improvement Category. By Nusantara CSR Awards 2017.

CERTIFICATIONS

Operating Unit/Business Unit Pertamina	Area	Certification	Validity Date	Certification Body
Marketing Operation Region I – North Sumatera Region	TBBM Meand (Except Belawan), TBBM Tj. Uban, TBBM P. Sambu, TBBM Teluk Kabung, TBBM Dumai, TBBM Sei Siak, TBBM Sibolga, TBBM Lhoksemawe, TBBM Krueng Raya, TBBM Kisaran, TBBM Pematang Siantar, TBBM Meulaboh, Depot Tandem, Pangkalan Susu, and Tg. Uban	ISO 9001-2008/9001-2015	12 th January 2016 until 14 th September 2018	BSI, MS Certification Services & JAS-ANZ
		ISO 14001-2004/14001-2015	22 nd October 2014 until 27 th November 2017	
		ISO 14001-2004/14001-2028	Until 27 th December 2018	
		ISO 14001-2004/14001-2029	24 th January 2014 until 23 rd January 2017	
		OHSAS 18001:2017		
	OHSAS 18001:2018	1 st November 2017 until 1 st October 2019		
Marketing Operation Region II – South Sumatera Region	TBBM Panjang, TBBM Kertapati, TBBM Baturaja, TBBM Jambi, TBBM Lubuk Linggau, TBBM Lahat, TBBM Pulau Baai, TBBM Pangkalan Balam, Pulau Layang, and Panjang	ISO 9001-2008/9001-2015	8 th December 2016 until 12 th August 2019	BSI MS Certification Services & JAS-ANZ
		ISO 14001-2004/14001-2015	29 th November 2014 until 29 th November 2017	
		OHSAS 18001:2014	21 st March 2016 until 21 st March 2019	
Marketing Operation Region III – West Java Region	TBBM Jakarta Group, TBBM Cikampek, TBBM Tasikmalaya, TBBM Bdg Group-Ujg.Berung, TBBM Bdg Group-Pdrg, TBBM T. T - Tjg. Gerem, TBBM Balongan, Depot LPG Tanjung Priok, Tanjung Sekong, Pabrik Tabung Plumpang, and Depot LPG Balongan	ISO 9001-2008/9001-2015	15 th September 2015 until 14 th September 2018	Llyod's, BSI, Bureau Veritas Indonesia, Anglo Japanese American (AJA)
		ISO 14001-2004/14001-2015	21 st June 2016 until 21 st June 2019	
		OHSAS 18001:2017, OHSAS 18001:2018, OHSAS 18001:2019, OHSAS 18001:2020, OHSAS 18001:2021, OHSAS 18001:2023, OHSAS 18001:2024, and OHSAS 18001:2027	29 th January 2016 until 28 th January 2019	
Marketing Operation Region IV – Central Java Region	TBBM Cilacap, TBBM Maos, TBBM Pengapon, TBBM Boyolali, TBBM Rewulu, TBBM Tegal, TBBM Lomanis Cilacap, and CPO Semarang, Cilacap, and CPO Semarang	ISO 9001-2008/9001-2015	23 rd February 2016 until 14 th September 2018	BSI, SAI Global, UKAS - Anglo Japanese American (AJA), PT Global Solusi Mandiri/BSI
		ISO 14001-2004/14001-2015	23 rd February 2016 until 2 nd October 2019	
		OHSAS 18001:2027 SMP	23 rd February 2016 until 2 nd October 2019	
Marketing Operation Region V – East Java, Bali and Nusa Tenggara	TBBM Surabaya Group, TBBM Tuban, TBBM Tj. Wwangi, TBBM Malang, TBBM Madiun, TBBM Camplong, TBBM Manggis, TBBM Sanggaran, TBBM Ampenan, TBBM Badas, TBBM Bima, TBBM Tenau, TBBM Maumere, TBBM Atapupu, TBBM Kalabahi, TBBM Wwaingapu, TBBM Reo, TBBM Ende, Tj. Perak Manggis, and Pabrik Asal Gresik	ISO 9001-2008/9001-2015, ISO 14001-2004/14001-2015, and OHSAS 18001:2027	1 st February 2016 until 31 st January 2019	BSI, UKAS - Anglo Japanese American (AJA), SAI GLOBAL BSI
Marketing Operation Region VI – Kalimantan	TBBM Balikpapan, TBBM Samarinda, TBBM Banjarmasin, TBBM Pontianak, TBBM Kotabaru, TBBM Tarakan, TBBM Sampit, TBBM Pangkalan Bun, TBBM Sintang, TBBM Pulau Pisau, and Balikpapan	ISO 9001-2008/9001-2015	8 th December 2011 until 7 th December 2017	BSI, Mitra Usaha Sertifikasi/BSI
		ISO 14001-2004/14001-2015		
		OHSAS 18001:2027	26 th November 2012 until 17 th November 2018	
Marketing Operation Region VII – Sulawesi	TBBM Makassar, TBBM Bau Bau, TBBM Kendari, TBBM Pare-pare, TBBM Palopo, TBBM Bitung, TBBM Gorontalo, TBBM Poso, TBBM Luwuk, TBBM Donggala, TBBM Tahuna, and Makassar	ISO 9001-2008/9001-2015	8 th December 2014 until 7 th December 2017	BSI, MS CERT JAZ-ANZ
		ISO 14001-2004/14001-2015		
		OHSAS 18001:2027	8 th December 2014 until 1 st June 2019	

Operating Unit/Business Unit Pertamina	Area	Certification	Validity Date	Certification Body
Marketing Operation Region VIII – Papua	TBBM Wayame, TBBM Jayapura, TBBM Sorong, TBBM Biak, TBBM Merauke, TBBM Tual, TBBM Manokwari, TBBM Ternate, TBBM Suamlaki, TBBM Masohi, and TBBM Labuha	OHSAS 18001:2007	7 th November 2014 until 7 th October 2017	BSI
Refinery Unit II – Dumai	All Area	ISO 9001-2008/9001-2015 ISO 14001-2004/14001-2015 OHSAS 18001:2027 SMP SMK3	20 th January 2016 until 14 th September 2018	TUV Nord, KAN, Sucofindo, and Depnaker
Refinery Unit III – Plaju	All Area	ISO 9001-2008/9001-2015 ISO 14001-2004/14001-2015 OHSAS 18001:2027 SNI ISO/IEC 17025:2008 SMP	14 th April 2014 until 14 th April 2017 22 nd May 2015 until 21 st April 2019 25 th May 2015 until 25 th May 2018	TUV Nord, KAN, and Sucofindo
Refinery Unit IV – Cilacap	All Area	ISO 9001-2008/9001-2015 ISO 14001-2004/14001-2015 OHSAS 18001:2027 SNI ISO/IEC 17025:2008 SMK3	19 th June 2016 until 14 th September 2018 18 th February 2015 until 29 th March 2018	TUV Nord, KAN, and Surveyor Indonesia
Refinery Unit V – Balikpapan	All Area	ISO 9001-2008/9001-2015 ISO 14001-2004/14001-2015 OHSAS 18001:2027 SNI ISO/IEC 17025:2008	18 th November 2014 until 17 th November 2017 1 st August 2015 until 18 th August 2019	TUV Nord and KAN
Refinery Unit VI – Balongan	All Area	OHSAS 18001:2027 SMP	27 th November 2013 until 10 th September 2018 9 th October 2013 until 10 th September 2018	SGS, KAN, Sucofindo
Refinery Unit VII – Kasim	All Area	ISO 14001-2004/14001-2015	Until 1 st May 2017	Llyod's KAN

EVENT HIGHLIGHTS

1ST JANUARY

In supporting the resilience national energy, Pertamina through its subsidiary PT Pertamina EP conducted the drilling of 2 new oil and gas wells, which are the Puspa 03 or PPA-03 in the Muaro Jambi Regency and the OGNA5 development well in the Ogan Ilir Regency, South Sumatra.

18TH JANUARY

Pertamina through the Pertamina Corporate University obtained the Corporate Learning Improvement Process (CLIP) Accreditation from the European Foundation for Management Development (EFMD) and also the first in the Asian region.

18TH JANUARY

Pertamina through the Pertamina Corporate University organized the International Learning Conference (PILC) activity for the first time. This event is expected to be a knowledge and experience sharing forum for the stakeholders in an effort to address the challenge of developing Human Resources in the work environment.

9TH JANUARY

PT Pertamina (Persero) re-launched the Pertamina GO application, as an innovation towards the age of digital marketing. The Global Positioning System (GPS)-based application is the official application of Pertamina that provides numerous conveniences for our customers.



18TH JANUARY

- Pertamina signed a new contract for the gross split profit sharing for the Offshore North West Java (ONWJ) block.



- Through Pertamina Corporate University, Pertamina received the Corporate Learning Improvement Process (CLIP) accreditation from the European Foundation for Management Development (EFMD), also the first in the Asian region.

25TH JANUARY

Through PT Pertamina Internasional Eksplorasi and Produksi (PIEP), Pertamina successfully executed an offer bidding for Maurel & Prom shares in the first phase. PIEP controls 125.924.574 shares and voting rights in Maurel & Prom, equivalent to 64.4% of the shareholding and 63.35% of voting rights in Maurel & Prom.

31ST JANUARY

Launching and book review of "Inilah Dedikasi Kami Untuk Indonesia" (This is Our Dedication To Indonesia), the combined effort of 59 Writers in Pertamina. The event was packed into a relaxed 'Ngopi Pagi Yuk' atmosphere and took place at the Pertamina Head Office.

31ST JANUARY

The Pertamina Consortium, Marubeni Corporation, and Sojitz Corporation synergize with PT PLN (Persero) for the success of the 35,000 MW program through the construction of the first integrated FSRU power plant in Asia, with a capacity of 1760 MW with an investment of USD 1.8 billion.



3RD FEBRUARY

The Minister of SOE made changes to the composition of the Board of Directors, Dwi Soetjipto was honorably dismissed as the President Director and Ahmad Bambang as Vice President Director, and Yenni Andayani was appointed as the new President Director. The Minister of SOEs also removed the nomenclature of Vice President Director to better improve the effectiveness of leadership in Pertamina.



22ND FEBRUARY

Pertamina was ready to address the challenges faced in 2017 with 18 BTPs and 15 investment priority projects. From the existing 18 BTP 2017, Pertamina has set a target for contribution at USD 1.19 billion.

24TH FEBRUARY

Refinery Unit (RU) IV Cilacap in 2016 officially achieved the 6th level of the International Sustainability Rating System (ISRS) 8, marked with the acceptance of the ISRS 8 certificate from DNV GL in the 2016 ISRS 8 Final Report Assessment presentation.



15TH MARCH

Implementation of the 2017 APQ Award with the theme "Global Quality Personnel Supporting the Achievement of Strategic Objectives of Pertamina", as a form of appreciation/recognition forum recognizing the quality improvement activities implemented through continuous innovation across all business lines and subsidiaries.

16TH MARCH

Through the General Meeting of Shareholders (GMS), Pertamina officially appointed Elia Massa Manik as the President Director of PT Pertamina (Persero). In the first speech in front of all Pertamina Personnel, Pertamina's top focus is to continue to strengthen its Human Resources by fostering the Company's positive culture.



6TH APRIL

Moody's Investor Service (Moody's) credit rating agency upgraded Pertamina's Baseline Credit Assessment (BCA) from Ba1 to Baa3. This is a response to the financial performance of Pertamina in 2016, which was considered to be very positive in the middle of oil and gas industry that has not fully recovered due to the fall of world oil prices.

4TH MAY

In order to accelerate the provision of Fuel Gas (BBG) at the General Fuel Filling Station (SPBU), Pertamina has inaugurated the operation of the Ecostation Gas Filling Station (SPBG) located in Pasar Minggu.

17TH MAY

Pertamina is officially marketing the latest non-subsidized diesel fuel, Dexlite, in Ambon. This product is a diesel engine fuel product that has specifications, quality, and price ranging between Pertamina Dex and Solar.

20TH MAY

Pertamina officially launched Bright Gas 5.5 kg in the courtyard of the Office of the Governor of Papua, Jayapura. The launch of Bright Gas 5.5 kg has become the solution for families who need lighter and more practical gas at an affordable price.



9TH JUNE

Pertamina officially launched two new flagship products, which are Dexlite and Pertamina Turbo, with the Dexlite tagline "Diesel Saving Power" and Pertamina Turbo "Perfection in Performance". Both of these products are present to meet the demands for quality fuel for consumers in South Sumatra.



16TH JUNE

In order to meet the energy demands for the geothermal power plant project, PT Pertamina (Persero) through its subsidiary, PT Pertamina Geothermal Energy (PGE) has completed the drilling of 23 geothermal wells, both for exploration, development, and injection for PLTP Ulubelu Unit 3 and 4.

17TH JUNE

Pertamina conducted the Security Management System (SMP) audit. In the 2017 SMP certification audit verification, at the Balongan Refinery Unit (RU) VI and received the Gold Rating for the fourth time.

8TH JULY

Pertamina through its affiliate, PT Pertagas Niaga (PTGN), by sending Liquefied Natural Gas (LNG) to Ambon City, Maluku. This is the first time LNG shipments have been made to Eastern Indonesia as an effort to improve overall energy distribution and diversification.



27TH JULY

Pertamina launched the I Employee Application or Online Working Advance Application, in an effort to realize an integrated system with all units and subsidiaries.

2ND AUGUST

Pertamina through PT Pertamina Geothermal Energy (PGE) has become one of the recipients for the Assignment Decree from the Ministry of Energy and Mineral Resources to SOEs to develop Geothermal Working Areas (WKP) in order to accelerate Indonesia's geothermal development by 2025.



7TH AUGUST

The Tajak Sumur Inauguration visit or the first drilling in the management transition period to PT Pertamina Hulu Mahakam, in RIG Maera, South Tunu, Mahakam Block, East Kalimantan. PT Pertamina Hulu Mahakam has been appointed by the government to be the manager of the Mahakam Block working area effectively starting on 1st January 2018, after the contract expiration of the Mahakam Production Sharing Contract (PSC) with the management of Total E&P Indonesia by the end of 2017.



10TH AUGUST

Pertamina introduced the MyPertamina Loyalty Program, a card and application to facilitate loyal customers of Pertamina's products, at the 2017 GAIKINDO Indonesia International Auto Show (GIAS) event. The program is a digital-based customer service, which is an innovation that is gaining traction as a current business trend.



16TH AUGUST

The government has changed the formation of the Pertamina organization by adding two new directorates, which are the Directorate of Asset Management and the Directorate of Investment Planning & Risk Management, as well as conducting a change to the Board of Directors; subsequently the Board of Directors of Pertamina now has a new composition of members. In addition, there has been a change in the nomenclature of the Directorate of HR, Information Technology, and General Affairs to become the Directorate of HR as well as the Directorate of Finance and Corporate Strategy to become the Directorate of Finance. The change has prepared Pertamina to address the upcoming challenges.



29TH AUGUST

Inauguration of the groundbreaking at the Grisik-PUSRI gas pipeline construction by Pertamina through PT Pertamina Gas (Pertagas) in South Sumatera.



8TH SEPTEMBER

Pertamina Standardization and Certification (PSC) was accredited by the National Accreditation Committee (KAN) No. 5139/4.a1/SM/08/2017 on 8th September 2017 at the Pertamina Head Office. In the future, PSC is expected to be a partner of the National Standardization Agency (BSN) that encourages an improved progress in the management of national standards, in line with its slogan "PSC - Your Way To World - Class Standards".



12TH SEPTEMBER

Alexander Lay was appointed by the Minister of State-Owned Enterprises at the General Meeting of Shareholders to become a new member of Pertamina's Board of Commissioners.



13TH SEPTEMBER

The President Director of PT Pertamina (Persero) Elia Massa Manik inaugurated the "8 World Class Pertamina Priorities" event kick off, in the Main Building of Pertamina's Head Office.

14TH SEPTEMBER

In order to improve the effectiveness, efficiency, and improvement of the Company's services, Pertamina held the Implementation of Shared Service Center (SSC) of the Finance Function Pilot Project. SSC is a joint, integrated service center that assists Pertamina's facilitation in executing the Company's strategies.

18TH SEPTEMBER

President of the Republic of Indonesia Joko Widodo visited the Balai Ekonomi Desa (Balkondes) Omah Guyub Wringin Putih, which was developed by PT Pertamina (Persero). On that occasion, President Joko Widodo had the opportunity to review the local wisdom in Balkondes Wringin Putih, including jemparingan or archery and batik craft.



25TH SEPTEMBER

Pertamina through its subsidiary, PT Pertamina EP Cepu (PEPC), invested USD 1.547 billion for the Tiung Biru Gas Field Unitization Project (ITB).



26TH SEPTEMBER

In order to realize the vision of becoming a world-class national energy company, Pertamina has established a standardization and certification body called Pertamina Standardization and Certification (PSC). With this institution, the organization, development, and management of standardization programs regarding internal systems, products and services can be performed independently.

7TH OCTOBER

PT Pertamina (Persero) supported the activities of the Indonesian Football Association (PSSI) through the Pertamina U15 and U17 Soeratin Cup in 2017.

25TH OCTOBER

President Director of Pertamina Elia Massa Manik and INASGOC Chairman Erick Tohir signed the 2018 Asian Games participation agreement witnessed by Vice President Jusuf Kalla, SOE Minister Rini Soewandi and Coordinating Minister for Human Development and Culture Puan Maharani at the Vice Presidential Palace, Jakarta.



17TH NOVEMBER

A journalist from Antara Foto Palembang, Nova Wahyudi, won the best of the best award at the 2017 Pertamina Anugerah Journalism (AJP) night, which was held at the National Archive Building, Jakarta. The photograph entitled "Menjemput Cahaya Malam di Dusun Saruan" ("Picking up the Night Light in Saruan Village") about a village that gets electricity from the utilization of the Micro Hydro Power Plant (PLTMH) from the Pertamina CSR program in Ogan Komering Ulu Selatan area.

27TH NOVEMBER

The Ministry of State-Owned Enterprises (SOEs) appointed Nicke Widyawati as the Director of Human Resources of PT Pertamina (Persero), at the Office of the Ministry of SOEs. The appointment is in accordance with the Decree of the Minister of SOE No. SK-256/MBU/11/2017. The decree was submitted by the Deputy for Restructuring and Business Development of the Ministry of SOEs Aloysius Kiik Ro.

28TH NOVEMBER

PT Pertamina (Persero) through its subsidiary PT Kilang Pertamina Internasional (KPI) and Russian oil and gas company, Rosneft Oil Company through its affiliate Petrol Complex PTE LTD signed the deed of establishment for a joint venture, PT Pertamina Rosneft Pengolahan and Petrokimia (PRPP). The joint venture will develop and operate a new oil refinery that is integrated with the Petrochemical Complex (New Grass Root Refinery and Petrochemical/NGRR) in the Tuban Regency, East Java.

11TH DECEMBER

The Balangan Refinery Unit (RU) VI will be closed at the end of the year through implementing the first Avtur shipment of 3,000 KL using the MT MAUHAU ship to Pontianak on Monday (11/12/2017). The avtur shipment is to meet the demands of Supadio International Airport.

13TH DECEMBER

Pertamina has successfully launched new Polytam, which is an improvement on the Polypropylene products that are produced at the Plangkat Refinery with better quality in the white coloring, open ability, and better pellet shape. This product is expected to meet the customer's expectation of a high quality product, ultimately increasing our customer's satisfaction.

18TH DECEMBER

Pertamina re-inscribed its success to achieve a positive performance in Environmental Management (PROPER) in the 2016-2017 period, by acquiring 11 Gold PROPER and 71 Green PROPER. The award was handed over by Vice President Jusuf Kalla at the Vice President's Palace. PROPER is a program of the Ministry of Environment and Forestry (KLHK) which aimed to encourage the level of Corporate Compliance in Environmental Management, and encourage innovation in the management of natural resources and Community Empowerment in the surrounding area of the location of operations.



29TH DECEMBER

The President of the Republic of Indonesia, Joko Widodo, inaugurated 16 One Fuel Price distributing agencies at the Pertamina Pontianak Fuel Terminal, West Kalimantan. The inauguration marked achievement of the target, which is the establishment of One Fuel Price agencies across 54 locations, which was realized by Pertamina this year.



BOARD OF COMMISSIONERS' REPORT

Tanri Abeng

President Commissioner/
Independent Commissioner



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The Board of Commissioners is appreciates the fact that the Board of Directors has performed its duties admirably while navigating through the challenging conditions faced in 2017, and still managed to generate high profitability.

”

OUR RESPECTED STAKEHOLDERS,

Let us give praise to God the Almighty for His grace and blessings upon us all, and for allowing Pertamina to surpass the annual performance targets for 2017, although remaining below the previous year's achievements.

External Conditions

The Indonesian economy showed a favorable performance in 2017, with the stable economic growth and macroeconomic conditions being well maintained, thus resulting in controlled systemic risk. Economic growth of 5.07% was underpinned by higher infrastructure investment from the government and private investment. Inflation was sustained at a relatively low and stable level, thereby conducive for efforts to strengthen momentum in the recovery of the domestic economy.

Oil prices continued to increased on average throughout 2017, with the average ICP reaching USD 51.17/Bbl, higher than the assumption used in the state budget as well as the average 2016 figure. The rising ICP created a better than expected financial performance for the upstream sector. On the contrary, the cost of production for the downstream sector is increasing. Throughout 2017, the Government did not raise the price of fuel. With the ICP increase, there was a significant reduction in the downstream profits as compared to the 2016 performance. The contribution of the downstream sector is a more dominant factor in Pertamina's total profits, thus the rising ICP in the absence of an increase in fuel pricing, resulted in declining profitability for 2017.

Performance Appraisal of Directors

The Board of Commissioners is appreciative of the fact that the Board of Directors has managed to perform its duties admirably in the face of difficult times in 2017 and was able to generate high profits. Despite an increased ICP, the Government's policy of not raising the price of fuel and the implementation of the One Price Policy, are major external factor that causes the performance of 2017 not as high as the performance of 2016. However subject to simulation under the external conditions of 2016, Pertamina should have recorded better performance than in 2016.

Pertamina achieved net profit of USD 2.54 billion in 2017. The ability to sustain its performance is strongly determined by the consistency of the Board of Directors' policies to enhance efficiency in operations. Continuous efforts aimed to containing losses include implementing a series of preventive and control measures. Pertamina launched a new motto to be embraced by all Pertamina employees, which is to work by being "Honest Sincere Amanah", and complementing the values of 6C (Clean, Competitive, Confident, Customer Focus, Commercial, and Capable), which currently identify the Company. The culture to work efficiently, as promoted by the Corporate Values and new motto, contributed to the Company achieving its performance. Pertamina has also adopted whistleblowing policy governing types of violation that can be reported, mechanism of complaining, protection and confidentiality of the whistleblower, handling of complaining, parties who handle the complain, its results and follow up.

Pertamina has made further investment to expand oil and gas reserves and production, both by developing oil and gas fields currently owned and through the acquisition of new oil and gas fields locally and abroad. Throughout 2017, Pertamina obtained 8 would-be terminated work areas and executed a tender offer to acquire Maurel et Prom (M&P) shares. In 2017, Pertamina generated higher oil and gas production, oil and gas reserves and reserve replacement ratio. Pertamina also served to drive the development of geothermal energy by providing supply to several power plants.

Additionally Pertamina also continues to operate gas transportation and trading businesses, as well as gas processing and sales. Today, Pertamina operates the longest network of open-access gas pipelines in Indonesia. In addition, Pertamina, through the Directorate of Gas, develops renewable energy sources, including solar cells, microhydro, green diesel fuel, bio-LNG and many others.

The Company was successful in increasing the valuable product yield for total intake to 78.13%. This refinery efficiency improvement has increased the motivation for Pertamina to further pursue initiatives in refinery revitalization, including by the Refinery Development Master Plan (RDMP) RU-V Balikpapan and the Project Langit Biru Cilacap (PLBC) projects with specified targets for increasing the number and quality of products. The Government has also appointed Pertamina to support the development of the New Grass Root Refinery Project in Tuban and Bontang.

In the Marketing sector, Pertamina has managed to generate an increased sales volume across all product lines, although relatively stable in terms of market share. This performance needs to be appreciated, due to the fact we are facing tight competition, Pertamina has proven its ability to maintain market share.

The performance of HSSE in 2017 was not completely satisfactory due to the fact there were still cases of work related fatalities, although there was a reduction in numbers relative to 2016. This performance shows that our efforts in raising awareness have contributed to reducing fatalities. Pertamina remains consistent in raising awareness regarding Environmental Management within the areas surrounding the Company's operations, which has been marked by the increasing number of PROPER achievements obtained over the recent years.

Supervision and Guidance

Supporting Pertamina's performance in 2017, there was also contribution from the supervisory function as well as strategic decision-making implemented by the Board of Commissioners. The Company's Articles of Association does not grant the Board of Directors full authority regarding all decisions. Rather, certain strategic decisions require the decision of the Board of Commissioners and the General Meeting of Shareholders to pass, including investment for capital participation in other companies, acquisition of participating interest, making changes to the corporate work plan are among some of the decisions that are not solely delegated to the Board of Directors.

In discharging its supervisory duties, the Board of Commissioners provides guidance and counsel to the Board of Directors. In fact, the Board of Commissioners also assists in the direction for implementation of every decision granted. Several matters given strategic direction throughout 2017 include:

- Budget preparation, the execution and monitoring of investment that requires close attention considering the progress of investment has remained below the specified targets and many projects are currently experiencing delays. There is urgency needed for increased capacity in project management.
- Efforts in regard to preparation for Corporate Leadership succession at the levels of manager and above, since many of these positions will be vacated due to the upcoming retirement of employees.

Overview of Business Prospects

Oil prices are expected to continue on a path of incline for 2018. In anticipation of the general election in 2019, the Government will not likely introduce any new policy changes in fuel pricing so as to maintain economic stability. Management has anticipated and incorporated both conditions into the Corporate Work Plan and 2018 Performance Targets. Pertamina fully understands that its role as an SOE is not solely designed towards the pursuit of profits. Pertamina also assumes a critical role of providing access to fuel spanning all areas of the country, managing oil and gas resources, and sustaining National Energy Security. The key success factors in effectively managing these duties are maintaining efficiency across every line of operations and all appropriate investment decisions through promoting sound business principles. The Board of Commissioners is expecting that the Board of Directors will continue to pursue success following the effective efficiency that has been attained over the previous two years, in order that the Company's performance target for 2018 will be achieved. The Board of Commissioners continues to encourage the Board of Directors to remain consistent in implementing the 8 (eight) pillars so as to build Pertamina to be a world class national energy company: (1) HSSE Sustainability; (2) Human Capital Development; (3) Upstream Growth; (4) Gas Growth; (5) Strengthening Refining & Petrochemical Business; (6) New and Renewable Energy Development; (7) Infrastructure & Marketing Development; and (8) Company Growth.

Pertamina's ability to maintain optimal performance in 2017, under conditions of rising oil prices and unfavorable government policies, shows that the Company has strong resilience in overcoming difficult conditions. Tighter competition in the downstream sector has also driven efforts to enhance efficiency and service quality, as evidenced through the higher sales volume and market share in the downstream sector.

Pertamina plans to improve and update its distribution infrastructure in order to deliver the best services and reduce any potential losses. These activities are implemented alongside with more closer in monitoring of losses and changes in work culture, thus resulting significant efficiency improvements.

The completion of the RFCC Cilacap project has produced an improvement in refinery efficiency. Pertamina remains consistent with plans to revitalize other existing refineries through the Refinery Development Master Plan (RDMP) project, which has been designed to promote the production of EURO V compliant fuel. This initiative requires a substantial investment commitment, and is considered to have a critical and strategic significance in the best interest of National Energy Security.

Investment in certain strategic oil and gas fields abroad will continue to progress in the future. Oil refineries that have been built will require an adequate supply of crude oil from offshore sources since the domestic production levels are not currently sufficient. By having ownership of oil and gas fields abroad, Pertamina is able satisfy the supply demands for materials and products to strengthen National Energy Security. The subsidiary of the Company, PT Pertamina Internasional Exploration and Production will serve as Pertamina's core for future growth.

Regarding implementation of Corporate Governance and Social Responsibility.

The Board of Commissioners believes that the Company has consistently and diligently applied the principles of Good Corporate Governance. This Governance Management commitment is demonstrated through the regularity of the Company's GCG assessment in order to provide assurance that all aspects of Good Governance are implemented. The Company seeks to ensure that GCG is implemented in every decision taken, as well as the foundation for all the Company's activities.

Good Corporate Governance implementation also supports Good Performance Achievement, which has been reflected in the overall Corporate Health Level that combines measurements of Financial, Operational and Administrative Performance. With calculations based on the criteria stipulated by the Ministry of SOE, Pertamina has obtained for 2017 a total health score of 88.52 in the category of AA (Healthy). The Ministry of SOE, as the Company's Shareholder, has established the Management Performance Contract based on the Assessment Criteria for Excellent Performance (KPKU). The Board of Directors' performance is based on the Management Contract, which achieved a score of 94.07%.

The Board of Commissioners also monitors performance in Corporate Social Responsibility towards the Environment and the Community. The Company exercises its Social Responsibility through its Corporate Social Responsibility (CSR) and Partnership and Environment Development (PKBL) programs. CSR activities provide a sustainable contribution to society in the areas of Education, Health, Infrastructure and the Environment, and are fundamentally designed to support Pertamina's operations and PROPER scoring across several operational units. Community Development activities focus on providing assistance for the purposes of Education, Natural Disaster Relief, Development of Religious Facilities, Improvements in Sports and Public Health. The Partnership Program focuses on capital support and business counseling as well as market expansion for small entrepreneurs.

Performance Assessment of the Board of Commissioners' Committee

The Board of Commissioners implements its supervisory duties both directly and indirectly through delegation to various Board of Commissioners Committees, comprising of the Audit Committee, the Nomination & Remuneration Committee, and the Risk Management Monitoring Committee. Supervision is undertaken regarding the operational and strategic aspects with a contribution to the added value for the Company's overall performance.

The Board of Commissioners believes that its supervisory functions in 2017 were carried out in full compliance with the board's manual and has been properly implemented. The Board of Commissioners has served its role in monitoring operations of the Company and making decisions consistent with its authority as stipulated in the Company's Articles of Association. The Board of Commissioners has submitted Quarterly and Annual Reports to the shareholders, containing the specific details of all supervisory duties and an overall assessment of its performance.

The Board of Commissioners Committees also worked effectively under the principles of Good Corporate Governance (GCG). The Committees worked actively to analyze and respond to any and all changes in the business environment with potentially adverse impacts on the Company's performance. The Committees also assisted the Board of Commissioners in drafting response letters to requests from the Board of Directors for approval, support, recommendation/counsel and feedback, after completing an in-depth analysis of the matters at hand. The Audit Committee performed monitoring and review of the internal audit, independent auditor in the financial report audit, the Company reports to external parties, the Company's internal control systems and the whistleblowing system.

The Audit Committee assisted the Board of Commissioners in performing its duties of granting approval for asset deletion, monitoring subsidiaries, monitoring operational performance and other assignments provided by the Board of Commissioners. The Risk Management Monitoring Committee (PMR) monitored the performance of the upstream, downstream and investment sectors, and also made an analysis and recommendation regarding any strategic decisions for investment. The Nomination & Remuneration Committee (NR) assisted in the placement of qualified personnel in key positions throughout the Company, reviewing the remuneration structure for the Directors and Board of Commissioners, as well as proposed changes to the organizational structure and proposal for changes to the Board of Directors and Board of Commissioners of Pertamina's subsidiaries, also in the dismissal and appointment of the Corporate Secretary and Chief Audit Executive.

The Committees work closely with their Management counterparts in the related business processes. A harmonious partnership between Management and the Committees encourages an effective communication and coordination process, which then enables the smooth running of activities by the Board of Commissioners in discharging its oversight function.


Changes in the Board of Commissioners Membership

Throughout 2017, there was a change in the membership composition of the Board of Commissioners. Based on resolutions of the GMS held on 12th September 2017, Mr. Alexander Lay was appointed as Commissioner, bringing the total number of Pertamina's Commissioners to 6 (six) people. We believe that the additions in the membership will only serve to further strengthen the Board's capability in overseeing Pertamina's activities and performance.

Appreciation

The Board of Commissioners would like to sincerely thank all Pertamina stakeholders for their continued support of the Company's journey through both the good and the difficult times. We would also like to extend the highest appreciation and gratitude to the Government of Indonesia for all assistance provided to Pertamina in its task to secure fuel supply throughout the country. Our highest appreciation also goes to all Pertamina personnel in all work areas, from the Board of Directors and down to all levels for continuing to dedicate their best effort for Pertamina. Our sincere gratitude is also expressed to all of our valued customers, suppliers, and business partners, for the cooperation and mutually beneficial relationships that have continued to endure through the years. We sincerely hope Pertamina will continue to attain even greater successes for the nation and become the pride of Indonesia.

On behalf of the Board of Commissioners



Tanri Abeng

President Commissioner/
Independent Commissioner

BOARD OF COMMISSIONERS

Edwin Hidayat Abdullah
Commissioner

Sahala Lumban Gaol
Commissioner

Tanri Abeng
President Commissioner/
Independent Commissioner



Arcandra Tahar

Vice President Commissioner

Suhasil Nazara

Commissioner

Alexander Lay

Commissioner



BOARD OF DIRECTORS' REPORT

Elia Massa Manik
President Director



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Pertamina's 60th anniversary is the right momentum for a deep reflection, while mapping strength, weakness and challenges ahead, in order to ensure business continuity and continue to move forward towards the next stage in achieving world-class vision.

”

ESTEEMED SHAREHOLDERS AND OTHER STAKEHOLDERS,

Allow us to begin this report by acknowledging the trust and support of Shareholders and stakeholders to the Management for implementing strategic decisions throughout 2017.

In the face of ongoing external challenges, we are continuously working to secure oil and gas reserves, execute large oil refinery projects, as well as explore the potential for the development of new and renewable energy. In addition, Pertamina remains firmly committed to carry out government assignments to ensure energy supply to the country. We are doing all these in order to support the achievement of national energy sufficiency and to manifest equitable energy for all the people of Indonesia.

On behalf of the Board of Directors, allow me to report a summary of the Company's performance in the fiscal year ending December 31, 2017.

60 Years as the Mainstay of Energy in Indonesia

2017 is a landmark year in Pertamina's journey, as the Company celebrated its 60th years in existence on December 10, 2017. Starting from a national oil and gas mining company that manages a single production oilfield and a simple oil refinery inherited from the Dutch in Pangkalan Brandan, Pertamina has currently transformed into an integrated energy company in the oil and gas and geothermal sector.

Not many corporations are able to exist for up to 6 decades with a continuously growing performance. While we are grateful for the many important achievements that Pertamina has recorded throughout its journey, our 60th anniversary is also a time for deep reflection, to re-map the strengths, weaknesses and challenges ahead in order to ensure business continuity, and to move forward to the next stage in achieving our world-class vision.

Related to the sustainability of our business, we recognize that oil and gas are finite resources and will be exhausted. In addition, the public awareness of the

importance of energy efficiency and the utilization of clean, environment-friendly new and renewable energy (EBT) as a substitute for fossil energy continues to increase. Therefore, Pertamina needs to prepare itself to welcome a much different future, oriented towards the concept of sustainable energy. Pertamina's commitment to the development of EBT has been demonstrated by the development of geothermal energy in 14 geothermal working areas (WKP) managed by PT Pertamina Geothermal Energy (PGE). A total of 5 WKP of them have been in production with a total installed capacity of 617 MW at the end of 2017, contributing up to 36% of total geothermal production capacity throughout Indonesia of 1,712 MW.

Crude Price Uncertainties to Continue

Uncertainties in crude price continues to present considerable challenges to the oil and gas sector. In 2017, global crude price touched the lowest level yet, with Brent crude price sliding to USD 49.43 per barrel, and WTI crude price at USD 48.27 per barrel in mid-June 2017. This is the first time ever since November 2016 that the two benchmarks for crude prices went below USD 50 per barrel. In subsequent developments, prices of global crude began to move upward under the impact of geopolitical situations in oil-producing countries, and following the agreement reached among OPEC and Non-OPEC countries in the Vienna conference to extend the period of crude production curtailment until end of 2018. US crude prices went up 0.3% to USD 57.58 per barrel. Futures contracts of Brent crude for February delivery rose to USD 62.90 per barrel. This price level is the highest ever since 2015.

As world crude prices climbed, the Indonesian Crude Price (ICP) rose accordingly. The ICP for the period of December 2017 rose to USD 60.90 per barrel. This represented an increase of 17% compared to ICP in January 2017 of USD 51.88 per barrel, and 39% from the lowest price in June 2017 of USD 43.66 per barrel.

Strategy and Initiatives

For Pertamina, the year 2017 is a year of culture change and accelerated performance. All functions as well as subsidiaries are requested to map and formulate their priority work agenda based on the SMART (specific, measurable, achievable, realistic and timebound) principles, on the basis of current condition (realization). This priority agenda would form the basis for the respective function or subsidiary in determining the strategic initiatives that we call "8 Priorities of World Class Pertamina" to ensure the achievement of our 2025 aspirations and vision as a world-class national energy company.

In 2017, we focused on a basic element towards achieving our world-class vision, namely in developing a pool of highly capable human resources that can get to work anywhere. Pertamina conducts a comprehensive internal reform program starting from enhancing the solidarity of the Board of Directors by prioritizing openness among the Board of Directors within the framework of good corporate governance (GCG). In addition, to accelerate performance, Pertamina conducts performance benchmarking in every line with similar industries to measure the effectiveness and efficiency of business units in conducting its business.

The dynamics of the oil and gas industry requires each subsidiary to make operational improvements in order to achieve the established targets. Gradually, Pertamina has restructured its business units and organization, including in subsidiaries, in order to promote more integrated and efficient management of its business. Each business unit and subsidiary are required to identify areas of improvement. Pertamina also conducts a thorough evaluation of the leaders of each business line in order to further improve the competence and efficiency mindset. Leaders of business unit should be responsible for profit and loss in managing all their activities.

To maintain a positive financial performance, Pertamina continue to rely on the Breakthrough Project program (BTP) to measurably improve efficiency on all fronts. In 2017, BTP New Initiatives set a target of USD 1,192.1 million in value added, and was successfully realized at USD 998 million or 84%, consisting of USD 651.2 million through efficiency and USD 346.6 million in top-up revenues. With the value creation reaching USD 1,273.9 million, the cumulative financial impact generated amounted to USD 2,270.9 million.

In order to secure oil and gas reserves and achieve upstream growth as one of the 8 Priority World Class Pertamina, the business strategy in the upstream sector is to increase production and add new oil and gas reserves, both organically through Improved Oil Recovery (IOR) and Enhanced Oil Recovery (EOR) on existing assets, as well as inorganic growth through merger and acquisition (M&A) strategy for domestic and overseas oil and gas blocks.

The field development program of Jirak Field has been done by applying waterflood and EOR. Waterflood pilot project has been implemented since 2012 until now and continued to full scale stage according to the project stage. Following waterflood, average oil production at Jirak Field increased to 681 BOPD.

In 2017, the Government has approved a contract with Pertamina in the Offshore North West Java (ONWJ) block with a gross split scheme, and as temporary manager of WK Attaka for 10 months under the PSC scheme, as well as appointed Pertamina to manage the Mahakam Block effective starting on January 1, 2018.

Although global crude prices continue to fluctuate, Pertamina must maintain and continue the upstream development project in order to operate on the established schedule. Acceleration of completion of priority projects continues. In 2017, there are 16 active upstream projects managed by subsidiaries in the process of construction/development.

Pertamina continues with the BBM One Price program in 3T (frontier, outermost, and disadvantaged) areas. This task is part of the important contribution by Pertamina within the mandate to distribute BBM throughout Indonesia. Towards this end, Pertamina uses various modes of transportation both land, sea and air, at any cost, so that people in the 3T areas can get BBM at the same price as in other areas. Despite the many challenges and obstacles, especially the geographical conditions that are quite difficult to penetrate, until the end of 2017 Pertamina has managed to realize the operation of BBM One Price channeling agencies in 54 locations, as targeted for 2017.

We realize that the challenge in doing business, now and in the future, is competition in the mastery of technology. So also in the high-cost, high-risk and high-tech oil and gas industry. Selection of the right technology is crucial for an efficient operation. Pertamina's future depends on how much we pay attention to research and technology.

Therefore, in July 2017, Pertamina established a research and technology center to respond to challenges in increasing technological capabilities in both downstream and upstream technologies. This function, the Research and Technology Center (RTC), is responsible directly to the President Director. The existence of RTC as an integrated research and development (R&D) center is expected to produce various innovations in the form of technology, product or process to answer the challenge of energy development in the future. The establishment of RTC is in line with one of the 8 Priority World Class Pertamina, namely strengthening the technical competence of Pertamina's human resources.

2017 Performance

Financial. In 2017, Pertamina posted USD 42.96 billion in sales and revenues, up 17.7% from USD 36.49 billion recorded in 2016. The increase was mainly contributed domestic sales of crude, natural gas, geothermal energy, and oil products, amounting to USD 36.78 billion or 85.6% of the Company's total revenues. The increase in sales value, in turn, was attributable to the higher average sales price of oil products in line with the increase in ICP, as well as to the increase in sales volume. The sales volume of oil products amounted to 85.74 million kilo-liters (KL), compared with 81.95 million KL in 2016. A significant increase was recorded in the sales of our Peralite product to 14.5 million KL, up 147.73% from 5.86 million KL recorded in 2016. This reflect the shift in market preferences to Peralite and other non-subsidized fuel oil products.

The increasing trend in oil prices, on the one hand, becomes an incentive for our upstream business. However, the rise in oil prices also contributed to an increase in cost of goods sold in the downstream sector, which triggered an increase in cost of goods sold and other direct expenses by 26.8% from USD 27.94 billion to USD 35.44 billion. This put pressure on the gross profit that was down by 12% to USD 7.51 billion, from USD 8.54 billion in 2016. Current year profit thus fell 19.3% from USD 3.16 billion in 2016 to USD 2.55 billion.

Upstream Sector. The upstream sector recorded improving performance. Production of crude amounted to 124.72 MMBO, up by 9.4% compared to 2016 production of 114.03 MMBO, and 102.4% of the 2017 production target of 121.85 MMBO. Increased production is mainly due to the contribution from PT Pertamina EP Cepu (PEPC) with the commencement of the operation of Full Field CPF (Central Processing Facilities).

Natural gas production amounted to 742.91 BSCF, up 3.5% from 717.70 BSCF in 2016, and 76.8% of the 2017 target of 759.26 BSCF. The increase in production is mainly due to the commencement of operation of the Java Gas Development Project, Matindok Gas Development Project (from Donggi field) and increased production from M&P Asset in Africa.

Meanwhile, production of electricity equivalent geothermal (own operation) reached 3,900.23 Giga Watt hour (GWh), up 28.2% compared to production in 2016 that amounted to 3,042.83 GWh and reached 96.9% of the 2017 target of 4,026.17 GWh. Increased production is due to the operation of PLTP Ulubelu Unit 4 and PLTP Karaha Unit 1 and Lahendong Geothermal Unit 6 which has been fully operational in 2017.

Gas and New and Renewable Energy Sector. The performance of Corporate LNG and LPG Sales, Commercial Gas, and sales of LNG NR, were recorded above the target set. LNG sales by the Gas Directorate amounted to 633.5 million MMBTU, or 146.8% of the target. LPG sales reached 243.8 thousand MTon or 308.9% of the target. Meanwhile, Commercial Gas recorded sales of 46.8 thousand BBTU or 75.8% of the target, and sales of LNG NR amounted to 77.0 million MMBTU or 87.0% of the target.

Pertamina continues to develop its gas infrastructure, including building transmission and distribution pipelines in Java and Sumatra. Pertamina, through its subsidiary PT Pertamina Gas (Pertagas), cooperated with PT PGN (Persero) Tbk in the construction of Duri-Dumai gas pipeline project in Riau. The project is expected to meet the fuel conversion needs of fuel oil to gas to improve the production capacity of RU II Dumai refinery. In addition, the Duri-Dumai gas pipeline will also supply gas to meet the needs of industries and ports in Riau in order to boost regional and national economic value added as well as industrial competitiveness.

In addition to the Duri-Dumai project, Pertamina is currently developing gas transmission pipelines in South Sumatra, Central Java and East Java. In South Sumatra, we are building the 176-kilometer Grissik-Pusri open-access gas pipeline that will convey gas from Grissik Gas Plant ConocoPhillips (COPI) in Musi Banyuasin Regency to PT Pupuk Sriwidjaja (Pusri) fertilizer plants in Palembang, which has commenced building since August 29, 2017.

In Central-East Java, there is the construction of the 267-km Gresik-Semarang gas transmission pipeline. Currently, progress on the EPC project has reached 84.3%, and the pipeline is expected to be onstream by mid 2018. The Gresik-Semarang transmission pipeline will deliver gas from Jambaran-Tiung Biru (JTB) field, East Java, with 19 future connections prepared to supply gas for industries in seven regencies/municipalities in Central Java and East Java along the route of the pipeline.

Pipeline projects completed in 2017 include the 3.6-km open access looping Gresik-PT Petrokimia Gresik (PKG) pipeline and the 8-km Semare open access pipeline in East Java.

In the framework of developing EBT for power plant (EBT Power), within 2016-2017 Pertamina has built a Solar Power Plant (PLTS) in the housing complex of Refinery Unit (RU) IV Cilacap with a capacity of 1 MWp, as well as a PLTS at Pertamina Head Office with capacity of 0.2 MWp. The capacities are sufficient to generate

1,752 MWh electricity per year and reducing CO2 emissions by 1,226 tons. Furthermore, in 2017 Pertamina begins construction of PLTS at PT Badak NGL with a capacity of 1 MW which is expected to start operating in the first quarter of 2018.

Refinery Sector. The increase of Banyu Urip crude allocation from 185 MBCD in 2016 to 200 MBCD provides the opportunity to maximize the processing capacity of Pertamina's refineries and also as an effort in improving the margin. The challenge is that the high sulfur content of Banyu Urip crude will affect product quality and is corrosive to refinery equipment. Various efforts have been made to produce products that meet specifications so that the processing of Banyu Urip crude at refineries has been increased by stages from 3,800 MB per month in 2016 to an average of 4,885 MB per month in 2017. The maximization of Banyu Urip crude have raised the processing composition of domestic crude and lowered the purchase of imported crude, thus the potential to increase margin.

In 2017, Pertamina's refineries processed 324.35 million barrels of crude, gas and intermedia, or 1.0% lower than 327.79 million barrels in 2016 and 95.4% of the target of 340.06 million barrels. This is due to some adjustments with downstream optimization as well as some constraints in the operating units.

Production of Oil Fuel Products/BBM (10 primary products) amounted to 253.41 million barrels, down 4.7% from 265.78 million barrels in 2016, and 96.5% of the target at 262.68 million barrels. Production of non-BBM products (petrochemicals, solvents and NBBM) amounted to 21.08 million barrels, down 19.4% from 26.14 million barrels in 2016 and 86.8% of the target at 33.43 million barrels.

The Gross Refinery Margin (GRM) was at USD 8.41/barrel, slightly lower than the GRM in 2016 at USD 6.80/barrel. The yield on total refinery output reached 94.69%, higher than 94.30% recorded in 2016.

The yield on valuable refinery product was recorded at 78.13%, higher than 77.67% recorded in 2016, due to, among others, successful efforts at inter-refinery optimization in processing the bottom product from CDU/HVU, as an uncompleted heavy fraction with low sale value, into higher valued products.

In 2017, the Refinery Unit IV Cilacap began to produce the Pertamina High Quality, a fuel product with maximum sulfur content of 50 ppm. The product is processed in the Residual Fluid Catalytic Cracking (RFCC) facility, namely the Prime-G Unit, with a capacity of 37.6 thousand barrel per stream day. The 50 ppm maximum sulfur content has complied with the gas emission standard for new motor vehicle types based on Regulation of the Ministry of Environment and Forestry on Gas Emission Standard for New Motor Vehicle Types Category M, N and O.

Marketing Sector. Throughout 2017, sales of oil fuel products (BBM) amounted to 69.3 million KL, up 3.6% from 66.9 million KL in 2016, and 99.0% of the target at 70.0 million KL. These comprise of sales of PSO BBM and Assignment BBM of 21.9 million KL and Non-PSO BBM of 47.4 million KL. Sales of Non-BBM product reached 16.5 million KL, up 7.8% from 15.3 million KL in 2016 and 101.2% of the target at 16.3 million KL. These comprise of sales of PSO LPG of 11.2 million KL and Non-BBM Non-PSO products of 5.3 million KL.

In the LPG sector, Pertamina expanded the penetration of Bright Gas product through an LPG container trade-in program specifically for the Bright Gas brand. In addition to quality improvement with the use of holographic seal caps, Pertamina also increased the availability of Bright Gas in the network of filling stations (SPBU), LPG PSO depots, and modern retail networks. Currently, Pertamina has established cooperation with the IndoMarch network, with plans to expand the cooperation with other modern retail networks.

In petrochemical product sales segment, Pertamina successfully increased sales by 30% compared to 2016. The achievement is supported by the successful trading of Asphalt, Granular Sulfur, Paraxylene, Slack Wax, Wax and Ethyl Acetate products. The contribution of sales volume from these trading activities is about 20% of total sales volume of Petrochemical Trading. In the petrochemical sector (bitumen, paraxylene, benzene, and propylene), Pertamina is capable of acquiring 44% market share (as at September 2017).

Awards

Throughout 2017, Pertamina won numerous awards that reflected the public's appreciation and recognition for the Company's performance. These awards include "Best State Owned Enterprise 2017" in the Indonesia Sustainable Business Award 2017 event, "The Most Trusted Company 2017" in the Indonesia Good Corporate Governance Award 2017 event,

and the "SOE Performance Excellence Award (BPEA) 2017" with predicate of "Industry Leader" from Forum Ekselen BUMN (FEB). In commemoration of Anti-Corruption Day, Pertamina was named the State-Owned Enterprise with the Best Gratification Control System by the Corruption Eradication Commission (KPK).

In environmental management, once again Pertamina has been successfully achieved the best position in the Corporate Performance Rating Program In Environmental Management (PROPER) for the 2016-2017 period, by winning 11 Gold PROPER, from a target of 7 Gold PROPER, and 71 Green PROPER from the same target.

Future Prospects and Plans

Pertamina receives priority from the government to manage the oil and gas blocks whose contracts have expired (termination block). As of January 1, 2018, Pertamina has begun operating the Mahakam Block which was handed over to Pertamina. The contracts for another eight oil and gas work areas (WK) will expire in 2018, and the government has assigned Pertamina to manage those termination blocks, namely the Tuban Block, Ogan Komering Block, Sanga-Sanga Block, South East Sumatera Block (SES) NSO Block, Central Block, Attaka Block, East Kalimantan Block and Attaka Block.

The trust from the government is an opportunity for Pertamina to develop its gas exploration capability, either in shallow or deep sea exploration. Given the numerous number of blocks that will end its Production Sharing Contract period, Pertamina must prepare the right strategy to take over these blocks so as to ensure uninterrupted production, and even to increase its gas reserves.

In deciding for the acquisition of oil and gas blocks, Pertamina considers three aspects, namely in terms of the proven reserves of oil and gas, the potential of integrating Pertamina's existing fields with the oil and gas blocks, and the financial aspects of the Company in which the acquired blocks are expected to contribute financially.

To gradually reduce the dependency to imported BBM, Pertamina continues to improve the performance of its refineries through Sustainability of Refinery Operation Excellence (SROE) program while also seeks to complete the construction of new Grass Root Refinery (GRR) projects, namely the Tuban Refinery and Bontang Refinery, as well as the upgrade of four existing refineries through the Refinery Development Master Plan (RDMP) project, namely

Balikpapan, Cilacap, Balongan, and Dumai. The RDMP project will increase the complexity, capacity and quality of products produced by those refineries. With the addition of production capacity, within the next 5-10 years Pertamina's refineries will be able to meet the national fuel needs. In addition to fuel production, the new refineries are also designed to integrate with the processing of petrochemical products so that Pertamina can become a major player in the petrochemical industry as a step to adapt to changes in the oil and gas business environment.

Pertamina realizes that the supply and use of oil and gas energy has an environmental impact that must be minimized. Therefore, in the process of searching, supplying and managing energy, Pertamina has begun to move towards the concept of sustainable energy. This refers to the provision of energy sources, both conventional as well as renewable energy, that are efficiently managed, clean and effective, so as to meet current and future energy needs, while at the same time reducing environmental impacts to the maximum extent possible.

Pertamina has, for quite a long time now, conducted operations in the area of EBT, namely in the geothermal sector. By the end of 2017, Pertamina has increased the installed capacity of its geothermal power plants by 55 MW, as the Ulubelu Unit 4 project came on stream. Currently, Pertamina's total installed capacity of geothermal power plants is 587 MW. For the medium term, the geothermal sector will be the focus of renewable energy development in Pertamina. Pertamina also participated in the development of other sources of EBT, both those that have been implemented such as solar PV and green diesel, as well as those still in the study stage such as wind energy, micro hydro, and battery/energy storage business.

Corporate Governance

As a SOE, Pertamina is committed to strengthening the good corporate governance (GCG) framework. GCG principles are applied to the entire system of corporate governance which must be complied with by all personnel at Pertamina. The implementation of GCG in Pertamina goes beyond a mandatory requirement but has become a culture and necessity in carrying out the daily business activities, by all personnel from top management down to workers in the field.

Pertamina's commitment to be a clean and corruption-free company took the form of a series of programs, such as the Whistle Blowing

System (WBS), the Wealth Report of State Officials, and the Gratification Control Unit. Pertamina is a pilot project in various activities initiated by the Corruption Eradication Commission (KPK) such as the development of Professional Integrity culture (PROFIT) and Coordination of Supervision of Energy Sector Management.

Internalization and socialization of the Code of Conduct is conducted continuously through training, workshops, online training, leaflets, banners, posters and internal broadcasts so that the anticorruption behavior can be well communicated, understood and implemented.

For up to 5 years into the future, Pertamina will be dealing with a number of mega-projects in the USD 40-50 billion scale that must be managed transparently and accountably. Therefore, Pertamina coordinates with the KPK to supervise the implementation of the projects from the beginning so as to prevent various potential rule violations, in order to ensure that all major works mandated to Pertamina can be completed properly and on time.

Human Resources Development

In the face of increasing competition in the oil and gas industry and technological developments in the management of customer-oriented enterprises, the Company requires professional, high-integrity and superior-performing human resources. But more importantly, each worker is expected to meet Pertamina's 6C values: Clean, Competitive, Confident, Customer focus, Commercial, and Capable.

One of the focus of Management in 2017 is the restructuring and quality improvement of human resources, especially in character development so that every worker can work with honest, sincere and trustful behavior. With the support of human resources with such character and performance, Pertamina can continue to grow into a competitive company in the global arena.

Changes in Board of Directors Composition

Based on Decision Letter of the SOE Minister as General Meeting of Shareholders of PT Pertamina (Persero) Number: SK-52/MBU/03/2017 dated March 16, 2017, on the Appointment of President Director of PT Pertamina (Persero), the Shareholder has appointed Elia Massa Manik as President Director and eliminate the position of Vice President Director.

Next, based on Decision Letter of the SOE Minister as General Meeting of Shareholders of PT Pertamina (Persero) Number: SK-160/MBU/08/2017 dated August 15, 2017, on the Dismissal, Change of Position Nomenclature, Transfer of Duties, and Appointment of Members of the Board of Directors of PT Pertamina (Persero), the membership composition of the Board of Directors of PT Pertamina (Persero) as of the date of the Decision Letter is as follows:

1. President Director : Elia Massa Manik
2. Finance Director : Arief Budiman
3. Upstream Director : Syamsu Alam
4. Gas Director : Yenni Andayani
5. Marketing Director : Muchamad Iskandar
6. Asset Management Director : Dwi Wahyu Daryoto
7. Refinery Director : Toharso
8. Investment Planning and Risk Management Director : Gigih Prakoso
9. Refinery and Petrochemical Megaproject Director : Ardhy N. Mokobombang
10. Human Resources Director : Dwi Wahyu Daryoto (Act)

To fill-in for the vacant position of Human Resources Director, Dwi Wahyu Daryoto was assigned as acting Human Resources Director. Subsequently, on November 27, 2017, the Minister of SOE as General Meeting of Shareholders of PT Pertamina (Persero) through Letter Number: SK-256/MBU/11/2017 on the Appointment of Member of the Board of Directors of PT Pertamina (Persero), has decided to appoint Nicke Widyawati as Human Resources Director.

Appreciation

On behalf of the Board of Directors, again I would like to thank the Shareholders, Board of Commissioners, our customers, business partners and other stakeholders, for their continued support and trust. I would like to extend our appreciation to the members of the Board of Directors, the management team and all the workers of PT Pertamina (Persero) and subsidiaries that have shown their dedication and hard work so that we end 2017 with good results. I am confident, with the support of all parties, the Company will continue to grow sustainably so as to increase the value for Shareholders and contribute to the benefit of the country and people of Indonesia.

On behalf of the Board of Directors



Elia Massa Manik

President Director

BOARD OF DIRECTORS

(Per 31 December 2017)

Ardhy N. Mokobombang
Mega Project Refinery &
Petrochemical Director

Yenni Andayani
Former Gas Director
20 October 2016 -
9 February 2018

Elia Massa Manik
President Director

Nicke Widyawati
HR Director and
Plt. Logistic, Supply Chain,
Infrastructure Director

Muchamad Iskandar
Corporate Marketing Director and
Plt. Retail Marketing Director



Syamsu Alam
Upstream Director

Toharso
Refinery Director

Gigih Prakoso
Planning, Investment
and Risk Management
Director

Arief Budiman
Finance Director

Dwi Wahyu Daryoto
Assets Management
Director



STATEMENT OF THE BOARD OF DIRECTORS' AND THE BOARD OF COMMISSIONERS' RESPONSIBILITY ON PT PERTAMINA (PERSERO)'S ANNUAL REPORT 2017

To comply with the Good Corporate Governance principles and prevailing laws in Indonesia, PT Pertamina (Persero) has published its Annual Report 2017. PT Pertamina (Persero)'s Annual Report 2017 provides concise information about the Company's performance, Good Corporate Governance, corporate social responsibility initiatives, PT Pertamina (Persero)'s Consolidated Financial Statement for the period of 1 January to 31 December 2017, and other relevant information to the stakeholders.

We, all the members of the Board of Directors and the Board of Commissioners of PT Pertamina (Persero) who have signed below, have stated our responsibility for the validity of the contents of PT Pertamina (Persero)'s Annual Report 2017.

We certify that this Statement is true to the best of our knowledge.

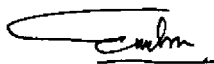
Jakarta, March 2018

Board of Commissioners of PT Pertamina (Persero)



Tanri Abeng

President Commissioner/Independent Commissioner



Arcandra Tahar

Vice President Commissioner



Sahala Lumban Gaol

Commissioner



Suhasil Nazara

Commissioner



Edwin Hidayat Abdullah

Commissioner



Alexander Lay

Commissioner

Board of Directors of PT Pertamina (Persero)



Elia Massa Manik
President Director



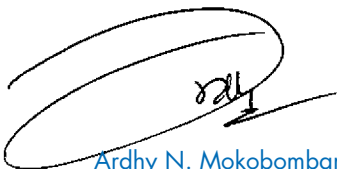
Syamsu Alam
Upstream Director



Toharso
Refinery Director



Mochamad Iskandar
Corporate Marketing Director and
Acting Retail Marketing Director



Ardhy N. Mokobombang
Mega Project Refinery & Petrochemical Director



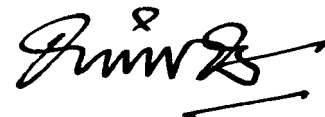
Ariel Budiman
Finance Director



Gigih Prakoso
Planning, Investment
and Risk Management Director



Nicke Widyawati
HR Director and
Acting Logistic, Supply Chain, Infrastructure Director



Dwi Wahyu Daryoto
Assets Management Director



Yenni Andayani
Former Gas Director
20 October 2016 - 9 February 2018



COMPANY PROFILE



Pertamina is always ready to meet challenges with full optimism so as to create sustainable business growth.

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CORPORATE IDENTITY



Name of Company	PT Pertamina (Persero)
Company's Name Changes	PT Permina (1957) then became PN Permina (1961), and was later incorporated as PT Pertamina (Persero) (2003)
Date of Establishment and Effective Date of Change of Company Name	<ul style="list-style-type: none"> • 10th December 1957, named PT Permina • 1st July 1961, PT Permina became PN Permina • 20th August 1968, PN Permina and PN Pertamina incorporated into PN Pertamina • 15th December 1971, PN Pertamina became a State Owned Oil and Natural Gas Mining Company • 17th September 2003, the State Owned Oil and Natural Gas Mining Company became PT Pertamina (Persero)
Legal Basis of Establishment	Government Regulation No.31 of 2003 regarding the Change of Status of the State-owned Oil and Natural Gas Mining Company (Pertamina) into a Limited Liability Company (Persero)
Notarial Deed of Establishment	<ul style="list-style-type: none"> • Notarial Deed No.22 dated 10th December 1957, Meester Raden Pranowo Soewandy, Substitute Notary Raden Meester Soewandy • Government Regulation No.198 of 1961 regarding the Establishment of the State-owned National Oil Mining Company (PN Pertamina) • Government Regulation No.27 of 1968 regarding the Establishment of the State-owned Oil and Natural Gas Mining Company • Law No.8 of 1971 regarding the State-owned Oil and Natural Gas Mining Company • Government Regulation No.19 of 2003 regarding the Change of Status of the State-owned Oil and Natural Gas Mining Company to a Limited Liability Company (Persero) • Law No. 19 of 2003 regarding State Owned Enterprises • Notarial Deed No.20, dated 17th September 2003, Notary Lenny Janis Ishak, SH • State Gazette of the Republic of Indonesia dated 21st November 2003 No. 93 Supplement No. 11620
Recent Changes of Notarial Deed	Deed of the Minister for State Owned Enterprises As a General Meeting of Shareholders No. 10 dated 11 th January 2016, Notary Lenny Janis Ishak, SH. Based on the Decree of the Minister of SOEs regarding the amendments of PT Pertamina (Persero) dated 24 th November 2016
Company Type	Limited Liability Company, State Owned Enterprise
Shareholder	100% by the Government of the Republic of Indonesia The Company's shares are not to be traded
 100% 	
State Capital Investment	Government of the Republic of Indonesia
Line of Business	Energy



Working Units of Pertamina as at 2017

- 6 Refinery Units
- 8 Marketing Operation Region
- ±500 Bulk LPG Filling Stations
- ±60 Aviation Fuel Depots
- ±20 LPG Terminals
- >1 Lube Oil Blending Plant (LOBP)
- >100 Fuel Terminals
- Operating a tanker fleet >60 Owned and >100 Chartered Fleet of tankers
- >5,000 Public Fuel Filling Stations (SPBU)
- >30 Fuel Gas Filling Stations (SPBG)
- >100 Special Terminals and TUKS
- >100 Harbours
- >10 SPM (Single Point Mooring)
- ±10 STS (Ship to Ship) locations
- ±10 CBM (Conventional Buoy Mooring)
- >100 KKR
- ±2 Bitumen Plants
- ±2 Chemical Storage Plants
- 57 Fuel Gas Filling Stations (SPBG)
- 24 Subsidiaries
- 6 Associate Companies
- 6 Joint Ventures

Products and Services

- Fuel Product (PSO Fuel, NPSO Fuel, Assignment Fuel (Non Jamali))
- Non-Fuel products (LPG PSO, LPG NPSO, Gas Products, Bitumen, Aromatic Olefin, Special Chemical)
- Aviation Fuel Products (Avtur, Avgas, Methanol Mixture)
- Marine Transport Services including Internal Customer Crude, Intermedia, Fuel and Non-fuel product.
- External Customer Marine Transport Services (charter out)
- Floating Storage & Offloading Services
- Vetting services
- Marine Services: Underwater Technique, Docking, Agency, and Mooring Master
- Offshore Support Vessel service, port and dock facilities

Main Brands

Pertalite, Mitanku, Diesel, BioDiesel, Dexlite, Peralite, Pertamina, Pertamina Plus, Pertamina Turbo, Pertamina Racing, Pertamina Dex, Diesel V10, MFO 380, LPG, Bright Gas, Bright Gas Can 220Gr, MUSCool, VI-GAS, EnvoGas

Total Assets

USD51,214 million

Authorized Capital

Rp200,000,000,000,000,- (two hundred trillion Rupiah), consisting of 200,000,000 (two hundred million) shares with a nominal value of Rp1,000,000,- (one million Rupiah) per share

Issued and Fully Paid Capital as of 31st December 2016

Rp83,090,697,000,000 (eighty three trillion ninety billion six hundred ninety seven million Rupiah), consisting of 83,090,697 (eighty three million ninety thousand six hundred ninety seven) shares with a nominal value of Rp1,000,000,- (one million Rupiah) per share

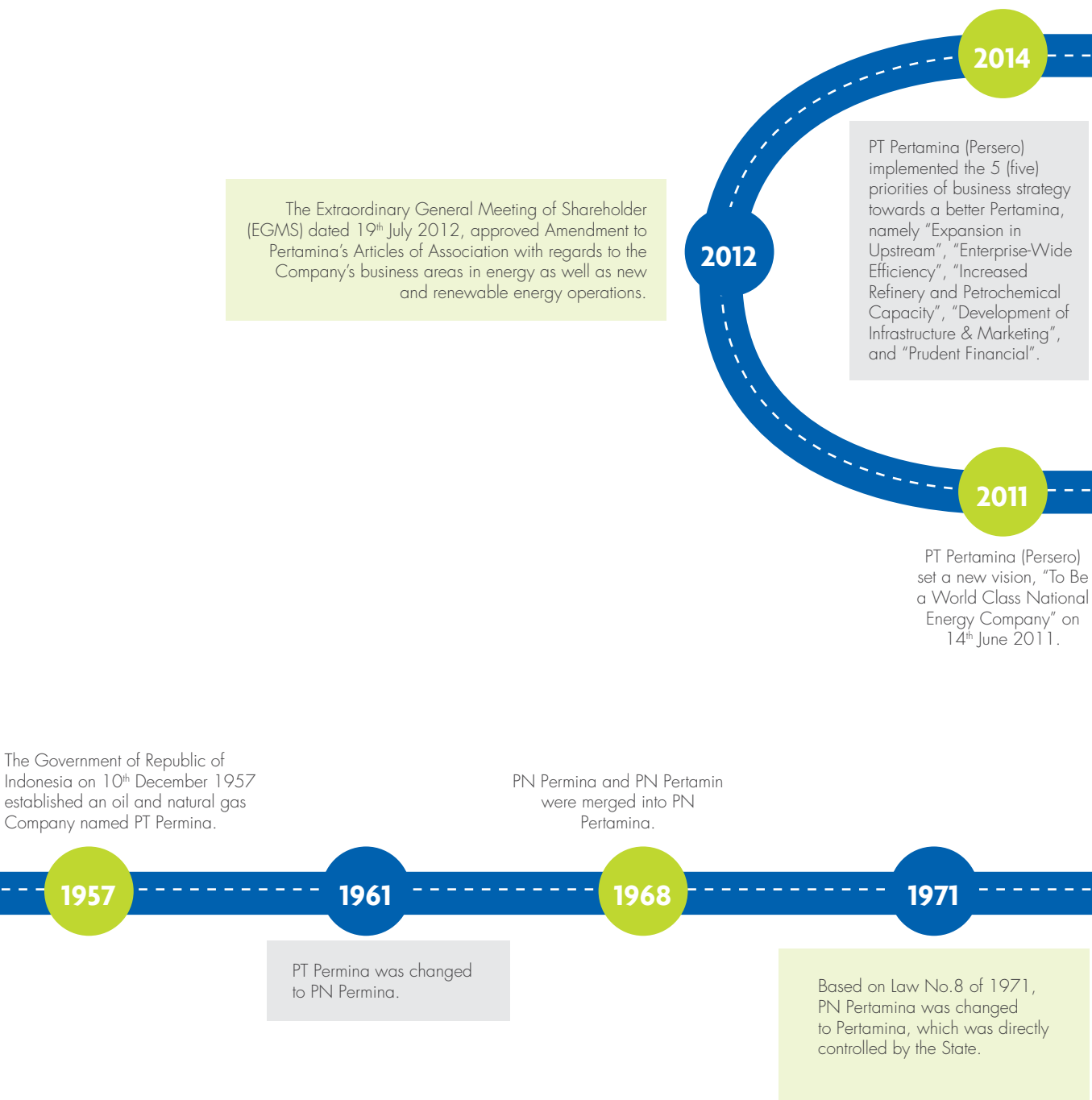
Address

Kantor Pusat PT Pertamina (Persero)
Jl. Medan Merdeka Timur 1A
Jakarta 10110 Indonesia
Phone: (62-21) 3815111, 3816111
Fax: (62-21) 3633686, 3843882
E-mail: pcc@pertamina.com
Website: www.pertamina.com

Contact Center

Contact Pertamina
Phone: 1 500 000 (PSTN and Cellular Phone)
SMS: 08159500000
Email: pcc@pertamina.com
Facebook: @pertamina

PERTAMINA GLIMPSE IN TIME



In August 2016, for the first time Pertamina has successfully completed the acquisition process for 24.53% of shares in Establishment Maurel & Prom SA (M&P), a French-based multinational oil and gas company listed on the Paris Stock Exchange (Euronext Paris). M&P has exploration and production assets in Africa, Europe and America.

The acquisition of M&P's shares has added to Pertamina's investment portfolio of overseas assets, enlarging reserves for national energy security, and drives Pertamina's upstream business development in the global arena.

2015

On 14th December 2015, Minister of SOE as GMS approved the Amendment of the Pertamina's Articles of Association included:

- 1) Addition to the paid up capital from the capitalization of retained earning of amounting to Rp50 trillion;
- 2) Addition to new business activities related to the industry area, asset optimization and new activities for the Company as detailed in Article 3 of Articles Association;
- 3) Organization approval authority which requires Board of Commissioners' approval, initially was 2 (two) levels below Board of Directors become 1 (one) level below Board of Directors;
- 4) Loan to Subsidiaries, which initially must obtain Board of Commissioners' approval become only to be reported to Board of Commissioners.

2016

2017

1. In February 2017, Pertamina through its subsidiary, PT Pertamina International Exploration and Production (PIEP), completed the acquisition of Maurel et Prom (M&P), a French oil and gas company with share ownership of 72.65%.
2. The subsidiary of PT Pertamina (Persero), PT Pertamina Hulu Indonesia (PHI) officially replaced Total E&P Indonesia (TEPI) as the manager of the Mahakam Block after the TEPI contract expired on 31st December 2017.

2007

PT Pertamina (Persero) changed its vision to, "To Be a World Class National Oil Company" on 10th December 2007.

2005

On 10th December 2005, PT Pertamina (Persero) changed its logo as part of an effort to prepare for a more competitive business era with a more dynamic, reliable and environmental friendly spirit.

2001

The enforcement of the Oil and Gas Law No.22 of 2001 changed the governance of the oil and gas industry in Indonesia so that Pertamina was no longer a regulator.

2003

Pertamina was officially became PT Pertamina (Persero) based on PP No.31 Year 2003 dated 18th June 2003 regarding Alienation of the State-owned Oil and Natural Gas Mining Company (Pertamina) to the Limited Liability Company (Persero).

BRIEF HISTORY OF THE COMPANY

“

Pertamina is always working hard to build the nation by strengthening its commitment in the field of New and Renewable Energy as well as business diversification.

”

In the 1950s, the Government of the Republic of Indonesia appointed the Army, which later established PT Eksploitasi Tambang Minyak Sumatera Utara to manage oil fields in the Sumatra region.

PT Pertamina (Persero) has now journeyed with over six decades of experience in the energy industry. Pertamina continues to work hard in building the nation through strengthening its commitment in the fields of New and Renewable Energy and Business Diversification. This commitment is demonstrated through the provision of more quality products to meet the demands of consumers for superior products. It is now time for Pertamina to strengthen its steps, in order to face a variety of challenges with optimism so as to create sustainable business growth for the Company through investment and business optimization in order to continue growth in line with the expectations of all stakeholders.

The Milestones of Pertamina has started in the 1950s, the Government of the Republic of Indonesia appointed the Army, which later established PT Eksploitasi Tambang Minyak Sumatera Utara to manage oil fields in the Sumatra region. On 10th December 1957, the Company then changed its name to PT Perusahaan Minyak Nasional, abbreviated to PERMINA. This date is celebrated as the birth of Pertamina to this day. In 1960, PT Permina changed its status to a State Enterprise (PN) Permina. Later, PN Permina joined PN Pertamina to become PN State Oil and Natural Gas Mining Company on 20th August 1968.

On June 18th 2003, the State Oil and Natural Gas Mining Company changed its name to PT Pertamina (Persero), conducting oil and gas business activities from the Upstream Sector to the Downstream Sector.

Afterward, the government regulated the role of Pertamina so as to produce and process oil and gas from oil fields as well to provide for the fuel and gas demands in Indonesia through Law No.8 of 1971. Furthermore, through Law No.22 of 2001, the government changed the position of Pertamina, allowing the implementation of Public Service Obligation (PSO) to be conducted through the business activities.

Based on Government Regulation No.31 of 2003 dated 18th June 2003, the State Oil and Natural Gas Mining Company changed its name to PT Pertamina (Persero) which engaged in oil and gas business activities from the Upstream Sector to the Downstream Sector. PT Pertamina (Persero) was established on 17th September 2003 based on Notarial Deed No.20 of 2003. On 10th December 2005, Pertamina transformed the seahorse logo into arrows with green, blue, and red base colors that reflect the dynamic elements and environmental awareness.



Through a subsidiary, PT Pertamina International EP, Pertamina became the majority shareholder of Maurel et Prom (M&P) with 72.65% of shares.

PT Pertamina (Persero) transformed the Company's business and fundamentals on 20th July 2006. PT Pertamina (Persero) changed the Company's vision to "Becoming a World-Class National Oil Company" on 10th December 2007. In 2011, Pertamina improved its vision to "Becoming a World-Class National Energy Company". Through the EGM dated 19th July 2012, Pertamina increased its issued/paid-up capital as well as expanded its business activities.

On 14th December 2015, the Minister of SOE at the General Meeting of Shareholders approved the amendment to the Articles of Association of Pertamina in optimizing the utilization of resources, increasing on the issued and subscribed capital by the state as well as the Board of Directors' actions that require written approval from the Board of Commissioners. This amendment has been stated in Deed No. 10 dated 11th January 2016, Notary Lenny Janis Ishak, SH.

In 2017, one of the real steps to realize the vision of becoming a world-class national energy company was to successfully complete the acquisition of French oil and gas company Maurel et Prom (M&P). Effective from 1st February 2017 through a subsidiary, PT Pertamina International EP, Pertamina became the majority shareholder of M&P with 72.65% of shares. Through its majority shareholding in M&P, Pertamina has access to operations in 12 countries spread over 4 continents. In the future, Pertamina aims to produce 650 thousand BOEPD (Barrels of Oil Equivalents Per Day) by 2025 from its international operations, as part of Pertamina's production target of 1.9 million BOEPD by 2025, in a determined effort towards establishing Indonesia's energy resiliency and self-sufficiency.

VISION, MISSION AND COMPANY'S GOALS

VISION

TO BE WORLD CLASS NATIONAL ENERGY COMPANY

MISSION

TO CARRY OUT INTEGRATED CORE BUSINESS IN OIL, GAS, NEW AND RENEWABLE ENERGY BASED ON STRONG COMMERCIAL PRINCIPLES

Pertamina has vision and mission which has been discussed and approved by Board of Commissioners, Board of Directors, and Shareholders on 14th June 2011 in Extraordinary General Meeting of Shareholders (RUPSLB) to stipulate Company's Long-Term Plan (RJPP) in 2011-2015. The latest Corporate's Goals was legalized simultaneously with legalization of the RJPP 2015-2019 on 23rd December 2015.

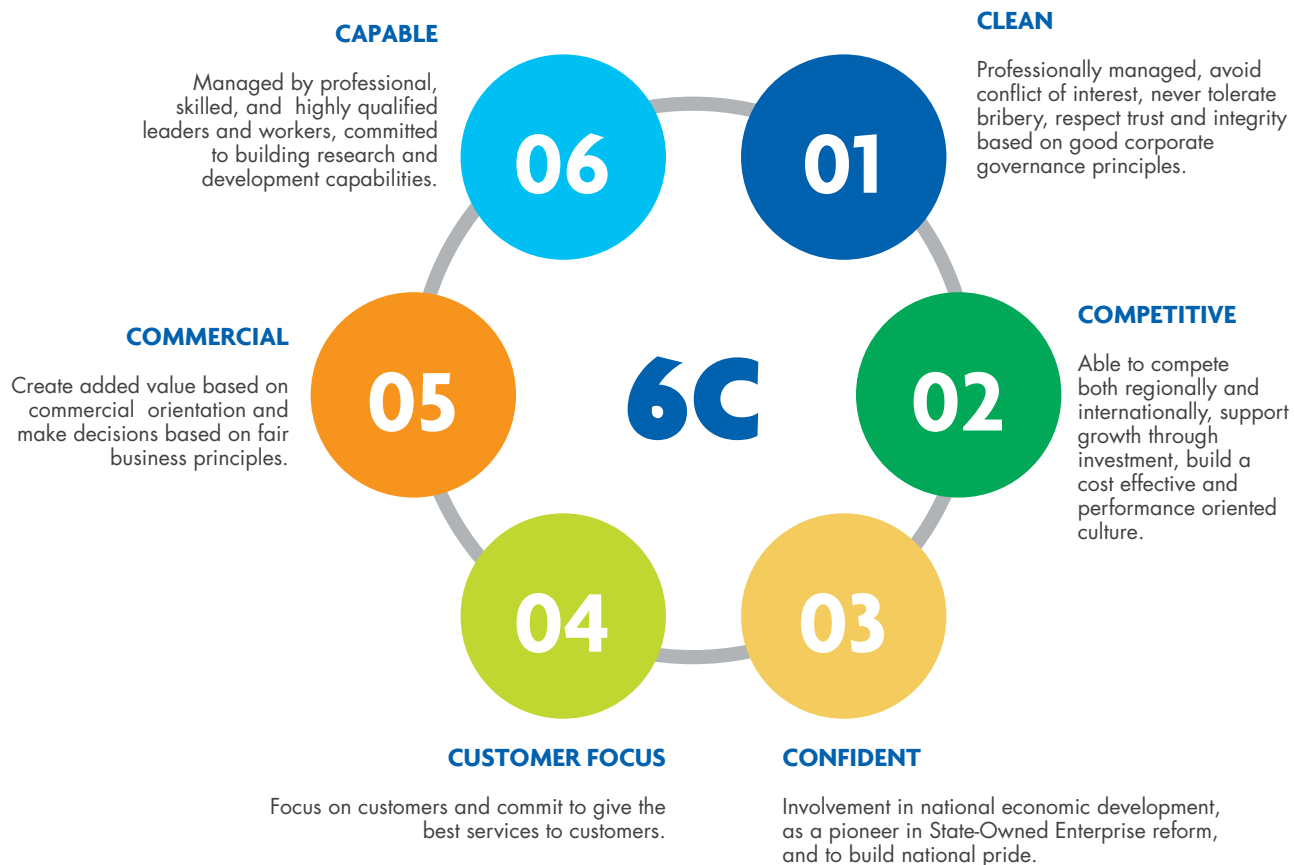
COMPANY'S GOALS

- Implementing and supporting Government's policies and programs in Economic and National Development in general particularly in the Organization of Oil and Gas Business both domestic and overseas as well as other activities which are related to or support business activities in the oil and gas sectors, and;
- Development on the resource optimization owned by the Company to produce high-quality goods and/or services and strong competitive as well as to pursue profit in order to improve Company's value by applying the Limited Liability Company principles.

PERTAMINA CULTURE

Pertamina holds certain values as a foundation to guide the Company towards realizing the vision and mission based on global standards and the implementation of Good Corporate Governance. The values are represented by the 6C's, consisting of Clean, Competitive, Confident, Customer-focused, Commercial and Capable, which must be acknowledged and perceived as behavioural guidelines for all employees in their daily activities.

The understanding and implementation of the 6C Values will shape the behaviors, which then develop as a culture, creating a distinctive feature of Pertamina from among other companies. Each individual worker in Pertamina must ensure that he or she behaves in accordance with the 6C Values.



PERTAMINA LOGO



The meaning of Pertamina logo:

1. Blue means reliable, trustworthy and responsible.
2. Green means energy resources with environmental sensitivity.
3. Red means tenacity and decisiveness and courage to face many difficulties.

The Meaning of the graphic symbol:

1. The shape of arrows depict the aspirations of Pertamina to continually move forward, to be advanced and to be progressive. This symbol also symbolizes the letter "P" which is the first letter of Pertamina.
2. Three-colored elements symbolize the islands with various sizes forming the shape of Indonesia.

COMPANY WEBSITE



WWW.PERTAMINA.COM

INFORMATION REGARDING THE COMPANY'S WEBSITE

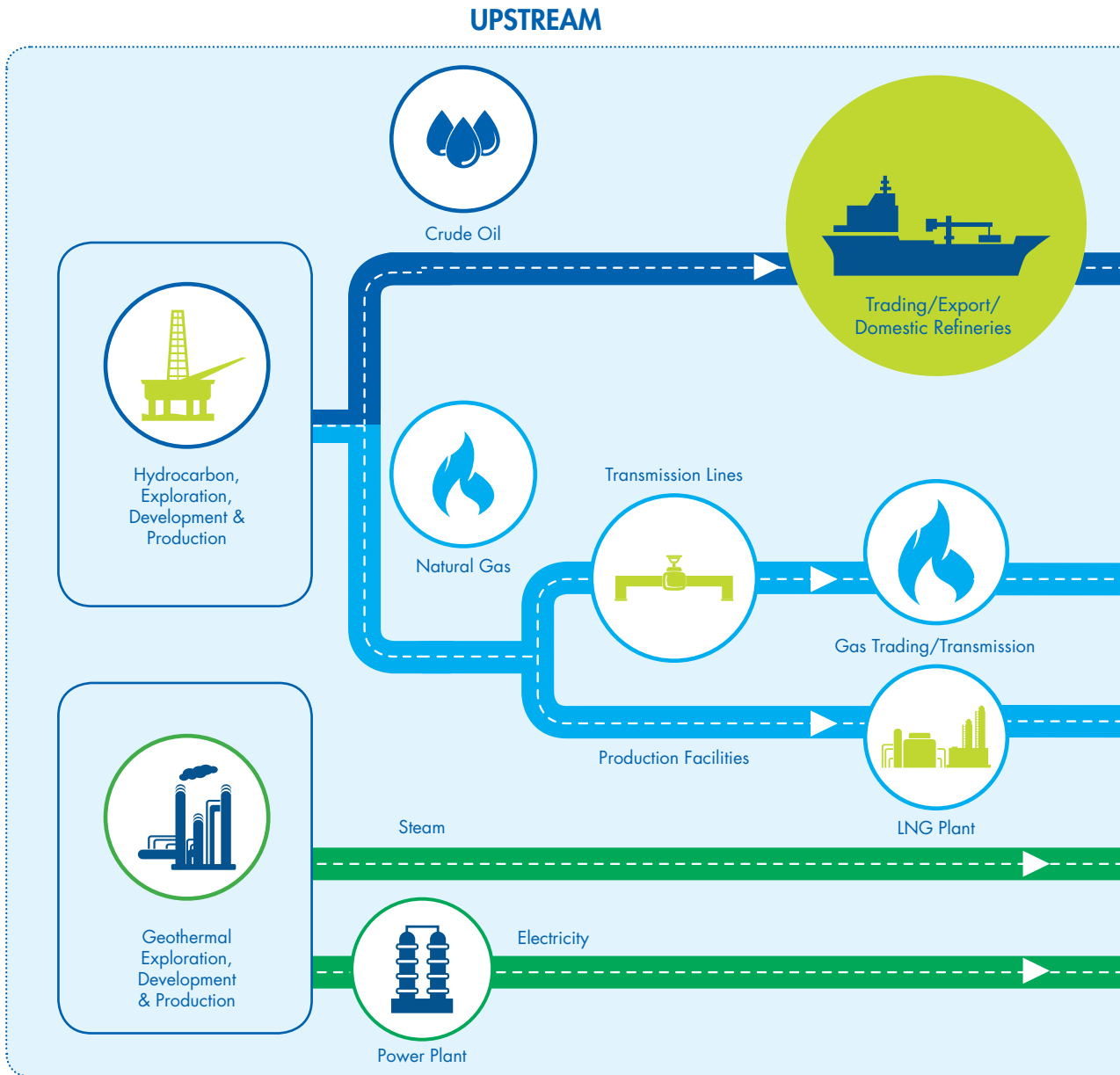
Information and technology are expanding rapidly, in order to increase transparency while increasing stakeholder access to actual and up to date information regarding the Company's performance, Pertamina provides an official website that is accessible at www.pertamina.com. In order to facilitate the understanding of the information presented, the website presents two language options, which are Indonesian and English.

The Company Website was developed in accordance with the applicable laws and regulations that reflect the identity of Pertamina. In general, Pertamina provides all information required by the stakeholders, this includes covering:

1. General information about Pertamina, consisting of: Company Profile; Vision and Mission; Corporate Values; Company History; Board of Directors; brief profile of members of the Board of Commissioners and Board of Directors; Content of the Code of Conduct; Corporate Governance Guidelines; Network and Work Area;
2. Information regarding business activities undertaken by Pertamina, including Upstream and Downstream activities, products and services resulting from Upstream to Downstream activities, as well as information regarding the role and capabilities of the Integrated Supply Chain (ISC) in Pertamina.
3. Information regarding activities in the field of Energy in the form of Press Releases, News Updates, speeches from the Directors, Digital Publications, Events and Promotions, as well as announcements of Procurement Auctions, Procurement of Products and Services that are organized by Pertamina.
4. Information relating to Investor Relations, consisting of
 - a. Shareholder Information, covering the agenda of the subject matter discussed in the GMS, the summary of the minutes of the GMS, and important date information, which includes the date of the GMS's summons, the date of the GMS, the summary date of the minutes of the GMS is announced;
 - b. Annual Reports for the last 10 years, Quarterly Financial Statements for the last 10 years, Sustainability Report for the last 6 years,
 - c. Company Presentation, and
 - d. Bonds Information and Debt Securitites Rating.
5. Company GCG Soft-Structure Information, which includes Pertamina's Corporate Governance Guidelines, Board Manual/Manual Board, Code of Conduct, and Compliance Code.
6. Information related to the Corporate Social Responsibility (CSR) program and activities, Partnership and Community Development Program (PKBL), Pertamina Foundation, as well as publication of other social activities in the form of CSR News.

The official website of Pertamina is managed and supervised by the Corporate Shared Service (CSS) function on a regular basis to ensure that there are no technical obstacles. Throuh the Company's efforts to adapt to technological developments, Pertamina's site has been supported by the Gas Station (SPBU) search application Pertamina Go, which can be downloaded on Apple Store and Google Play, as well as E-Paper Energia that can be accessed on computer or tablet at <http://epaper.pertamina.com>. From time to time, Pertamina strives to improve the official website of the Company to be more informative, accessible, easy to navigate, and user-friendly.

PERTAMINA INTEGRATED BUSINESS ACTIVITIES

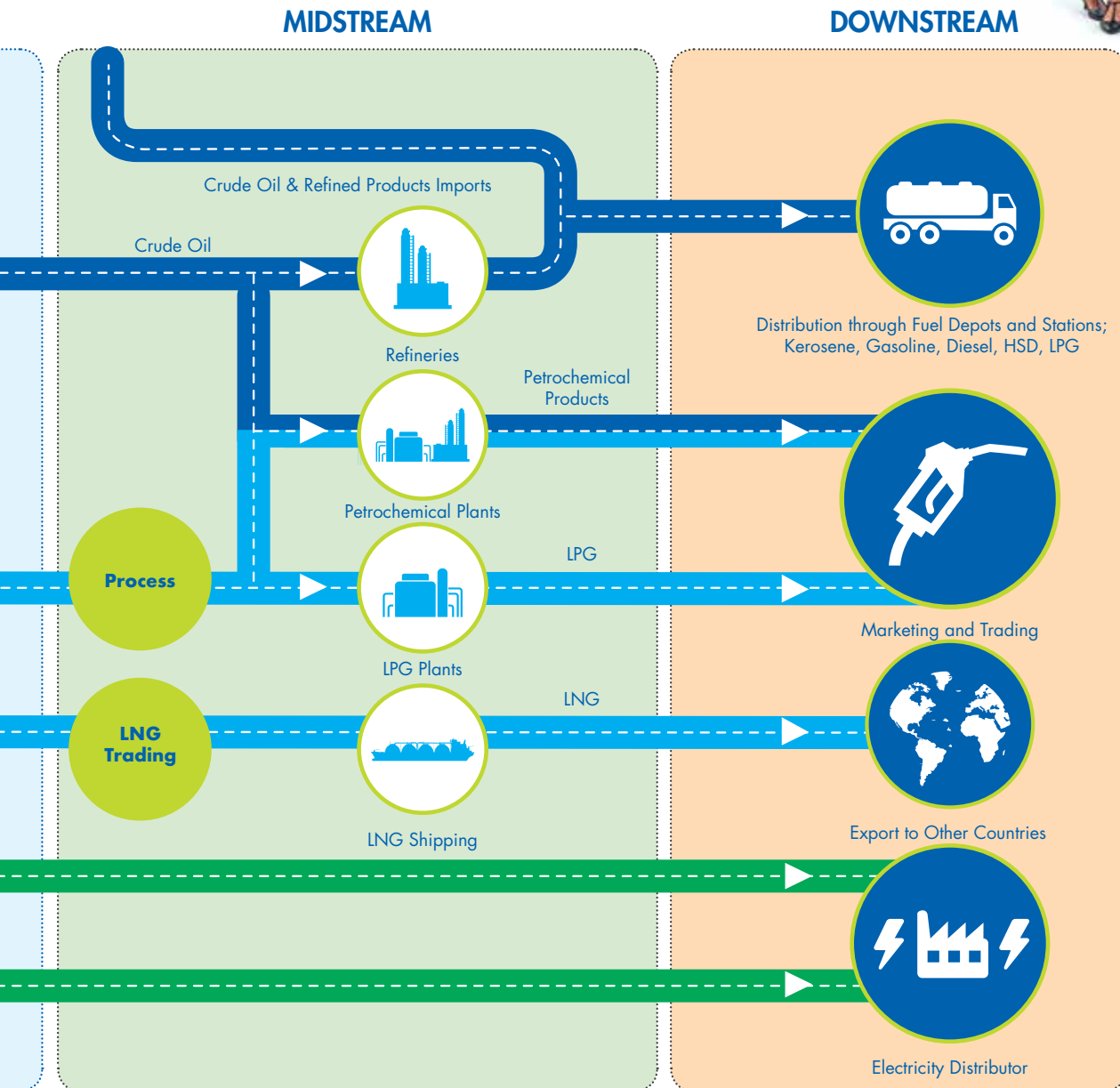


Key Operating Companies*

Upstream	
<ul style="list-style-type: none"> • PT Pertamina EP • PT Pertamina EP Cepu • PT Pertamina Drilling Services Indonesia • PT Pertamina EP Cepu ADK • PT Pertamina Hulu Energi 	<ul style="list-style-type: none"> • PT Pertamina Geothermal Energy • PT Pertamina International Exploration & Production • PT Pertamina Hulu Indonesia • PT Elnusa Tbk

* Subsidiaries Active
 ** Affiliated companies whose Financial Statements are consolidated at PT Pertamina (Persero)

“ Pertamina is a company with integrated business from Upstream, Midstream, and Downstream. ”



Gas & EBT

- PT Pertamina Gas
- PT Pertamina Power Indonesia
- PT Nusantara Regas

Downstream

- PT Pertamina Patra Niaga
- PT Pertamina Trans Kontinental
- PT Pertamina Retail
- PT Pertamina Lubricants
- PT Pertamina International Shipping
- Pertamina International Timor S.A**
- PT Kilang Pertamina Internasional

BUSINESS ACTIVITY

In accordance with Decree of Minister of SOE as GMS dated 24th November 2016 on Changes to the Articles of Association of PT Pertamina (Persero) as stated in Notary Deed No. 27 dated 19th December 2016, the Company's business activities are business activities in the field of energy operation organization, such as oil and gas, new and renewable energy, as well as other activities relevant to or supports business activities in energy sector, such as oil and gas, new and renewable energy optimization on the resources owned by the Company.

Based on the Articles of Association, the Company may carry out main business, among others to carry out:

- 1) Oil and gas exploration;
- 2) Oil and gas exploitation;
- 3) Activities in electric energy sector including but not limited to exploration and exploitation of geothermal, geothermal power plant, gas fired power plant and electric energy generated by Company;
- 4) Processing activities which generates Fuel, Special Fuel, Non Fuel, Petrochemical, Gas Fuel, LNG, GTL and other result/production both final products or semi-finished products;
- 5) Biofuel material supply, processing, transportation, storage and commercial activities;
- 6) Transportation activities of oil, fuel, gas fuel and/or results/other products through ground, water and/or air including gas transportation through pipelines;
- 7) Storage activities (receiving, collecting and dispensing) of oil, fuel, gas fuel and/or other results/products to locations above and/or below ground surface and/or water surface;
- 8) Commercial activities (purchasing, selling, exporting, importing) of oil, fuel, gas fuel and/or other results/products, including electrical energy commercial;
- 9) Development, exploration, production and commercial activities on new and renewable energy.

In addition to the main business activities as mentioned hereinabove, Company can carry out business activities for optimization of the resource utilization owned for:

- 1) Trading house, real estate, warehousing, tourism, sport and recreation, rest area, hospital, education, research, telecommunication infrastructure, rental service and operation of facilities and infrastructures owned by company, toll road and mall;
- 2) Management on special economic area;
- 3) Industrial area management;
- 4) Business activities in order to carry out other business activities which support and related to the main business activities.

1. Upstream Sector

Pertamina's upstream sector's activities include exploration, development and production of oil and natural gas. Other business activities in this sector are upstream technology services, drilling services, well maintenance services, development of geothermal energy and coal bed methane (CBM) and shale gas.

2. Refinery Sector

In this sector, Pertamina carries out business activities in the country which include refinery and petrochemical refinery management.

3. Gas and New Renewable Energy Sector

In Gas and New Renewable Energy Sector (GEBT), Pertamina has conducted a variety of research and approaches related to the renewable energy development for power generation and unconventional bio-fuels, including to conduct feasibility studies for biogas power plants and solar power plants, and the development of bio-fuels in the form of green diesel and bio LNG. The sector is also in charge of gas infrastructure projects such as construction of LNG regasification facilities, gas pipelines, and gas refueling stations.

4. Marketing Sector

In marketing sector, Pertamina carries out marketing, trading and distribution of a number of products such as fuel, lubricants, LPG, petrochemical products and other non-fuel products to domestic and overseas markets.

5. Refinery and Petrochemical Mega Project Sector

The refinery and petrochemical mega project sector provides support to the refinery business sector through the increase in refinery capabilities and competitiveness.

PRODUCTS AND SERVICES

PRODUCTS

01 Subsidized/Assignment Fuel Products

- | | |
|----------------------------------------------------|----------------|
| a. Solar/Biosolar | c. Kerosene |
| b. Assignment Premium (Non Java, Madura, and Bali) | d. Elpiji 3 Kg |

02 Non-Subsidized Fuel Products

- | | |
|-----------------------------------------------|--------------------------------|
| a. Premium (Java, Madura, and Bali) | h. Pertamina Dex |
| b. Biosolar (Non-Subsidized and For Industry) | i. Industrial Diesel Oil (IDO) |
| c. Peralite | j. Industrial Fuel Oil (IFO) |
| d. Pertamina | k. Marine Fuel Oil 380 |
| e. Pertamina Turbo | l. Marine Gas Oil |
| f. Pertamina Racing | m. Avtur |
| g. Dexlite | n. Avgas |
| | o. Methanol Mixture |

03 Non Fuel Products

- | | | |
|--------------------------|---------------|--------------------------|
| a. Elpiji 12 Kg | h. Bitumen | o. Rubber Processing Oil |
| b. Bright Gas 5,5 Kg | i. Paraxylene | p. Solvent |
| c. Bright Gas 12 Kg | j. Benzene | q. Condensate |
| d. Bright Gas Can 220 gr | k. Propylene | r. Tenac Sticker |
| e. Vi-Gas | l. Polytam | s. TB 192 |
| f. HAP | m. Sulfur | t. Slack Wax |
| g. Musicool | n. Green Coke | u. Wax |

04 Gas Product

Envogas






SERVICES

1. Internal Customer Crude, Intermedia, Fuel & Non Fuel Product Sea Transportation Service
2. External Customer Sea Transportation Service (Charter Out)
3. Floating Storage & Offloading Service
4. Vetting Service
5. Marine Services: Underwater Engineering, Docking, Agency and Mooring Master.
6. Offshore Support Vessel, Port and Jetty Services

COMPANY'S GROUP STRUCTURE

01

UPSTREAM

 Pertamina 99.99% PT PDV 0.01%	 Pertamina 99% PT PDV 1%
 Pertamina 98.72% PT PDV 1.28%	 Pertamina 90.06% PT PDV 9.94%
 Pertamina 99.89% PT PDV 0.11%	 Pertamina 99% PT PDV 1%
 Pertamina 99.9% PT PDV 0.1%	 Pertamina 99% PT PDV 1%
 Pertamina 99.999997% PT PDV 0.000003%	Conoco Phillips Algeria/ Pertamina Algeria Pertamina 100%
 Pertamina 41.10% DP Pertamina 14.90% Public <5% 44.00%	 Pertamina 99.93% PT PDV 0.07%

02

GAS

 Pertamina 99.99% PT PDV 0.01%	 Pertamina 60% PT PGN Tbk 40%
 Pertamina 99.998897% PT PDV 0.001103%	
 Pertamina 55% PHE Arun 45%	 Pertamina 55% Vico 20% Jilco 15% Total EP Ind 10%

03

REFINERY & PETROCHEMICAL

PT Pertamina Kilang Internasional	
Pertamina	99.90%
PT PDV	0.10%


*) Established but not yet operational
 **) Operations suspended
 ***) Liquidated

04

DOWNSTREAM



Pertamina PT PTK	99.912%	0.088%
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Pertamina PT PDV	99.999%	0.001%
------------------	---------	--------



Pertamina PT PDV	99.9994%	0.0006%
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Pertamina PT PDV	99.95%	0.05%
------------------	--------	-------




Pertamina PT PDV	99.95%	0.05%
------------------	--------	-------

05

FINANCE AND SERVICES



Pertamina PT PPN	99.93%	0.07%
------------------	--------	-------



Pertamina PT PDV	99.98%	0.02%
------------------	--------	-------




Pertamina PT PDV	99.999%	0.001%
------------------	---------	--------



Pertamina PT PDV	99.997%	0.003%
------------------	---------	--------




Pertamina PT PDV	91%	9%
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Pertamina	65%
PT Sakin Laksana	17.60%
Prima	12.15%
Siti Taskiyah	5.25%
M. Satya Permadi	

SUBSIDIARIES



PPT Energy Trading Co Ltd

Pertamina	50%
Toyota Motor	13%
Others	37%



PT Trans Pacific Petrochemical Indotama

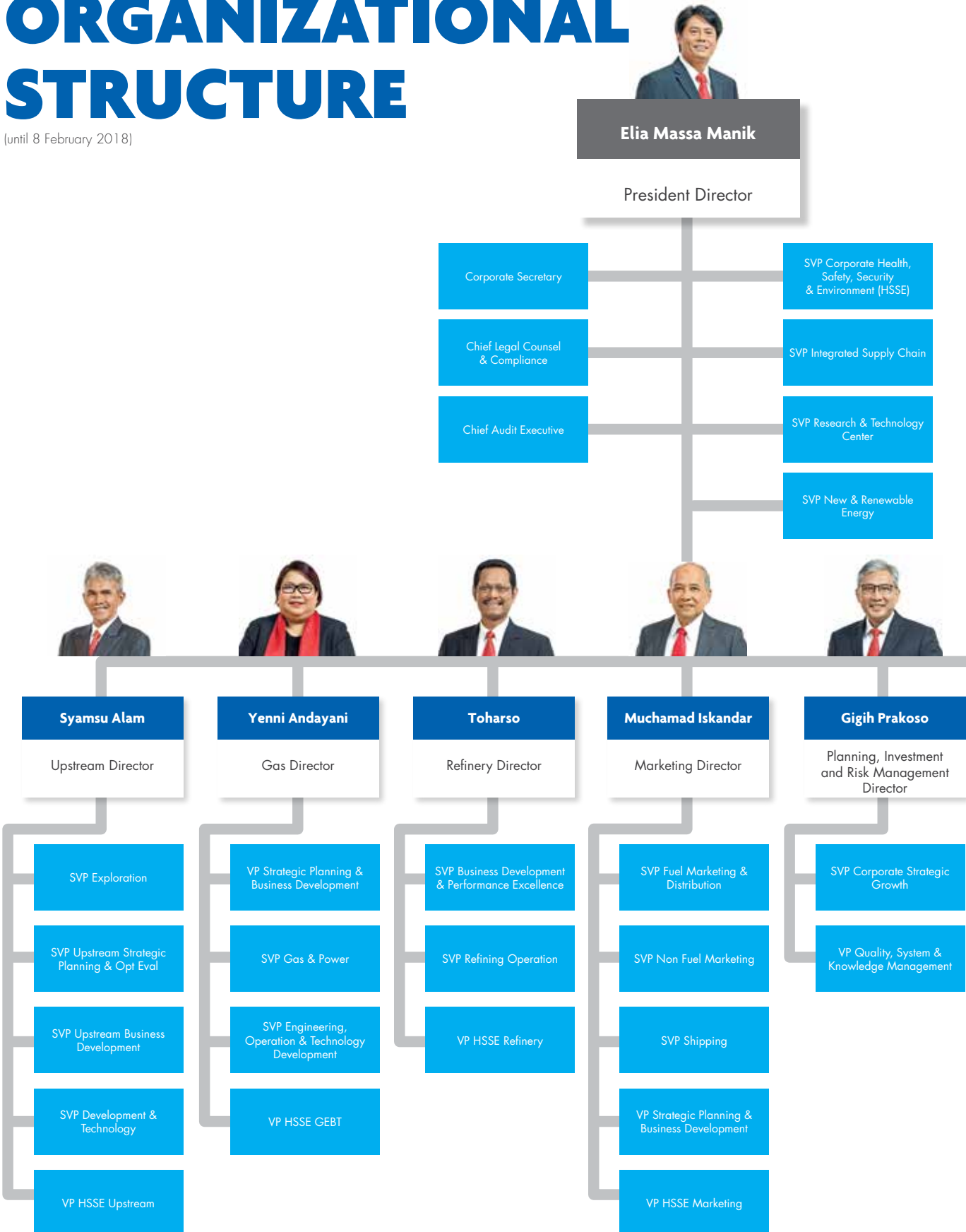
Pertamina	48.59%
PT Tuban Petro	19.16%
Vital Tuban B.V	8.81%
Polytama Propindo	6.77%
Tuban Petro Ltd	5.15%
Others ≤5%	11.52%

PT Seamless Pipe Indonesia Jaya

Pertamina	10.36%
Tenaris Global	77.45%
PT Bakrie & Brother	10%
PT Krakatau Steel	2.19%

ORGANIZATIONAL STRUCTURE

(until 8 February 2018)





* Organizational Structure per 31 December 2017

PROFILE OF THE BOARD OF COMMISSIONERS



Tanri Abeng

President Commissioner/Independent Commissioner

Is an Indonesian citizen, he is 75 years old, and domiciled in Jakarta, Indonesia. He was appointed as President Commissioner of PT Pertamina (Persero) beginning on 6th May 2015, based on the Decree of the Minister of SOEs at the General Meeting of Shareholders (GMS) of PT Pertamina (Persero) No. SK-60/MBU/05/2015 dated 6th May 2015, and was appointed as an Independent Commissioner and is concurrently serving as President Commissioner beginning on 14th November 2016, based on the Decree of the Minister of SOEs at the GMS of PT Pertamina (Persero) No.SK-254/MBU/11/2016 dated 14th November 2016.

Tanri Abeng graduated from the State University of New York in Business Administration; he also completed the Advanced Management Program at Claremont Graduate School (USA) (1984) and received his Doctorate degree from Gadjah Mada University (2010).

Tanri Abeng's career includes roles as the first Minister of SOE Utilization (1998), Member of Council on Stabilization of Economic & Financial Resilience, top executive at Union Carbide (USA) in Indonesia, Heineken (Netherlands), Bakrie & Brothers, and several non-executive positions in other companies; including BAT (British) from 1995-1998, BATA (Canada) (1993-1998) and Asia Pacific Breweries (Singapore) (1981-1991). He was also a Member of the Indonesian People's Consultative Assembly (1990-1998), President Commissioner of PT Telkom (2004-2010), Publisher of Globe Asia, President Commissioner of PT Alcatel-Lucent Indonesia (2011), member of the Board of Commissioners of Lippo Karawaci (2010-2016), and founder of Tanri Abeng University (2011).



Arcandra Tahar

Vice President Commissioner

Is an Indonesian citizen, he is 47 years old, and domiciled in Jakarta, Indonesia. He was Appointed as Vice President Commissioner of PT Pertamina (Persero) beginning on 14th November 2016, based on the Decree of Minister of SOEs at the GMS PT Pertamina (Persero) No.SK-254/MBU/11/2016 dated 14th November 2016.

Arcandra Tahar graduated from the Department of Mechanical Engineering at the Institute of Technology Bandung (1994), Texas A&M University Ocean Engineering (1998) and earned his PhD at Texas A&M University Ocean Engineering (2001).

Arcandra Tahar is the owner of five patents in the field of offshore design. Arcandra Tahar's career includes Research Assistant at the Offshore Technology Research Center (1997-2001), Technical Advisor at Noble Denton (2000), Researcher at Technip Offshore (2001-2006), Hydronamics Lead FloaTEC LLC (2006-2007), Principal and President of Asia Pacific AGR Deepwater Development System (2007-2009), Principal Horton Wison Deepwater (2009-2013), President of Petroneering (2013-2016), Minister of Energy and Mineral Resources (ESDM) of Indonesia (27th July 2016 – 15th August 2016). Since 14th October 2016, Arcandra Tahar was appointed as Deputy Minister of (ESDM).



Sahala Lumban Gaol

Commissioner

Is an Indonesian citizen, he is 65 years old, and domiciled in Jakarta, Indonesia. He was appointed as Commissioner of PT Pertamina (Persero) beginning on 6th May 2015, based on the Decree of the Minister of SOEs at the GMS of PT Pertamina (Persero) No.KEP-58/MBU/05/2015 dated 6th May 2015.

Sahala Lumban Gaol obtained a Bachelor Degree in Animal Husbandry from Institut Pertanian Bogor (1977), and obtained his Master of Economy at the University of Illinois, USA (1988). He earned his Doctor of Philosophy Degree in Economy from the Iowa State University (1994).

Throughout his career, Sahara Lumban Gaol has held several posts including Chairman of Working Group I of the Board of Commissioners of Pertamina (DKPP) (2000-2003), Deputy Minister of Macroeconomics and Finance Coordination of the Ministry of Economic Affairs (2005-2009), Deputy of Fields of Mining Business, Strategic Industry of Ministry of SOE (2008-2010), Staff Expert to the Minister of SOEs (2012-2014), Commissioner of PT PGN Tbk (2002-2007), Commissioner of PT Petrokimia Gresik (2004-2009), Commissioner of PT Garuda Indonesia (2007-2012), President Commissioner of PT Geo Dipa Energi (2007-2009), President Commissioner of PT PPA (2009-2012), Commissioner of PT Tugu Insurance (2009-2012), Independent Commissioner of PT BTN Tbk (2012-2015). Currently, Sahala Lumban Gaol as serves as the Special Staff of the Minister of SOEs since November 2014.



Suahasil Nazara Commissioner

Is an Indonesian citizen, he is 47 years old, and domiciled in Jakarta. He was appointed as Commissioner of PT Pertamina (Persero) beginning on 6th May 2015, based on the Decree of the Minister of SOEs at the GMS of PT Pertamina (Persero) No. KEP-58/MBU/05/2015 dated 6th May 2015.

Suahasil Nazara earned his Bachelor of Economics Degree from Universitas Indonesia (1994), Master of Science from Cornell University in the USA (1997), and earned the Doctor of Philosophy (PhD) Degree from the University of Illinois at Urbana Champaign, USA (2003).

Suahasil Nazara began his career as a lecturer in the Faculty of Economy and Business, Universitas Indonesia (FEB-UI) (1999-present). Suahasil Nazara earned a Professorship (Professor) in Economics in 2009. He has held several positions including Head of Postgraduate Program of Economics Science (2004-2005), Head of Demography Institution (2005-2008), and Head of the Economics Science Department (2009-2014). In addition, Suahasil Nazara is also active in assisting the government in various capacities. Among them are as a member of the Assistance Team for the Minister of Finance of the Fiscal Decentralization Sector (2008-2011), Working Group Coordinator of National Team Secretary Policy on Poverty Reduction Acceleration, Secretariat at the Vice President Office of the Republic of Indonesia (2010-2015), and also a member of the National Economic Committee or KEN (2013-2014). Since 6th February 2015, Suahasil Nazara was appointed as Acting Executive Head of the Fiscal Policy Agency in the Ministry of Finance and Head of Executive for the Fiscal Policy Agency in the Ministry of Finance of the Republic of Indonesia on 31st October 2016.



Edwin Hidayat Abdullah Commissioner

Is an Indonesian citizen, he is 46 years old, and domiciled in Jakarta. He was appointed as a Commissioner of PT Pertamina (Persero) beginning on 14th November 2016, based on the Decree of the Minister of SOEs at the GMS of PT Pertamina (Persero) No. SK-254/MBU/11/2016 dated 14th November 2016.

Edwin Hidayat Abdullah graduated with a Bachelor of Economics from Gadjah Mada University (1995) and a Master of Public Management at the Lee Kuan Yew School of Public Policy, NUS (in Cooperation with the Kennedy School of Government, Harvard University in Singapore and the United States) (2005), IDEAS Fellow, MIT's Sloan School of Management (2008-2009).

Edwin Hidayat Abdullah's career includes Corporate Finance Advisor of PT Timah Tbk (2007-2010), Senior Financial Advisor of PT BNI Tbk (2007-2008), Independent Audit Committee of PT Golden Energy Mines Tbk (2012-2015), Independent Audit Committee of PT Bumi Serpong Damai Tbk (2013-2015), Risk Monitoring Committee and Independent Audit Committee of PT Sinarmas Tbk (2006-2015), Business Development and Investment Director of PT Global Perkasa Investindo (2010-2015), Independent Commissioner of PT Bumi Serpong Damai Tbk (2004-2015), Deputy of Energy, Logistics, Metro and Tourism at Ministry of SOEs (2015-present) and Vice President Commissioner of PT Pertamina (Persero) (29th March 2016 – 14th November 2016).



Alexander Lay Commissioner

Is an Indonesian citizen, he is 44 years old, and domiciled in Jakarta. He was first appointed as Commissioner of PT Pertamina (Persero) beginning on 12th September 2017, based on the Decree of the Minister of SOEs at the GMS of PT Pertamina (Persero) No. SK-194/MBU/09/2017 dated 12th September 2017.

Alexander Lay graduated in Petroleum Engineering from Bandung Institute of Technology (ITB) in Bandung (1997), Law School of Atmajaya University in Jakarta (2003), and Master of Law University of Sydney in Australia (2006).

Alexander Lay's career includes Drilling Services Engineer at Schlumberger Oilfield Services (Anadrill) (1997-1999), Senior Associate at Lubis, Santosa & Maulana Law Firm (2006-2009), Founding Partner of Lasut, Lay & Pane Law Office (2009-2014), Special Staff for Legal Affairs from the Secretary of the Cabinet of the Republic of Indonesia (2015), Commissioner of PT Asuransi Jasa Indonesia (Persero) (September 2016-September 2017) and Special Staff of Legal Affairs from the Minister of State Secretary (September 2015-present).

PROFILE OF THE BOARD OF DIRECTORS

(per 9 Februari 2018)



Elia Massa Manik
President Director

Is an Indonesian citizen, 52 years old, born in Kabanjahe, Karo District, North Sumatera, and domiciled in Jakarta, Indonesia. He was appointed as the President Director on 16th March 2017, based on the Decree of the Minister of SOE No.SK-52/MBU/03/2017 dated 16th March 2017. Elia Massa Manik graduated from Bandung Institute of Technology (1988) from the Environmental Engineering Department and obtained Master of Business Management from Asean Institute of Management Philippines (1992).

Elia Massa Manik was once part of Pertamina's extended family when he served as the President Director of PT Elnusa from July 2011 to 2014. He then worked at PT Bank Negara Indonesia as Senior Executive Vice President in the period of 2015-2016. Finally, Massa served as the President Director of PT Perkebunan Nusantara (PTPN) III since April 2016 and was considered successful in managing the holding of 14 State-Owned plantation companies.



Syamsu Alam
Upstream Director

Is an Indonesian citizen, he is 53 years old, and was born in Purworejo, he is domiciled in Tangerang, Indonesia. He was appointed as the Upstream Director of PT Pertamina (Persero) beginning on 8th December 2014, based on the Decree of Minister of SOEs No.SK-267/MBU/12/2014 dated 8th December 2014, and Decree No. Kpts-34/CO0000/2016-S0 regarding Basic Organizational Structure of PT Pertamina (Persero).

Syamsu Alam is a graduate of Geology from Bandung Institute of Technology (1988), Master of Science, Geophysics from Bandung Institute of Technology (1994) and holds Doctor of Philosophy degree from Texas A&M University, USA (2001).

His career started in PT Pertamina in 1989 and was appointed to hold the positions of Exploration and Development Director at PT Pertamina EP (2008-2011), President Director of PT Pertamina EP (2011-2013) and Senior Vice President for Exploration at PT Pertamina (Persero) (2013-December 2014).



Toharso
Refinery Director

Is an Indonesian citizen, he is 54 years old, he was born in Tegal, and domiciled in Jakarta, Indonesia. He was appointed as the Refinery Director of PT Pertamina (Persero) beginning on 2nd December 2016, based on the Decree of Minister of SOEs No.SK-264/MBU/12/2016 dated 2nd December 2016, and Decree No.Kpts-34/CO0000/2016-S0 regarding Basic Organizational Structure of PT Pertamina (Persero).

He holds a Bachelor Degree from AKPRIND Yogyakarta (1985), Degree (S1) in Mechanical Engineering from Institut Teknologi Nasional Malang (1989), and has completed the Graduate Education (S2) Master of Management from PPM. His career in Pertamina started in 1992 and was previously appointed as the President Director of PT Patra Niaga (2007), Corporate Secretary of Pertamina (2009), and President Director of PT Pertamina Retail (2015-2016).



Muchamad Iskandar
Marketing Director
Acting Retail Marketing Director

Is an Indonesian citizen, he is 54 years old, he was born in Surakarta, and domiciled in Jakarta, Indonesia. He was appointed as the Marketing Director PT Pertamina (Persero) beginning on 2nd December 2016, the Decree of the Minister of SOEs No.SK-264/MBU/12/2016 dated 2nd December 2016. Muchamad Iskandar graduated with a Bachelor of Economics in 1986 from Universitas Sebelas Maret Surakarta.

His career in Pertamina began in 1991. He was previously appointed to the positions of General Manager of Retail Fuel Marketing Region V (2009-2011), Vice President of LPG & Gas Product (2011-2012), Vice President of Retail Fuel Marketing (2012-2015), Senior Vice President of Marketing & Distribution (2015-2016).



Ardhy N. Mokobombang
Refinery and Petrochemical Mega Project Director

Is an Indonesian citizen, he is 54 years old, he was born and domiciled in Jakarta, Indonesia. He was appointed as the Refinery and Petrochemical Mega Project Director of PT Pertamina (Persero) beginning on 15th August 2017, based on the Decree of the Minister of SOE No.SK-160/MBU/08/2017 dated 15th August 2017 and the Decree No. Kpts-47/C00000/2017-S0 regarding Basic Organization Structure of PT Pertamina (Persero).

Ardhy N.Mokobombang is a graduate of Chemical Engineering at the Institute of Technology Bandung in 1990. In 2015, when Pertamina designed the revitalization and construction of new refineries, Ardhy served as Vice President (VP) of Strategic Planning, Business Development and Operational Risk (SPBD & OR) - Directorate of Refinery Pertamina. Prior to being appointed as Director, the graduate of Chemical Engineering Institute of Technology Bandung served as Senior Vice President of Refining Operation in the Directorate of refinery.



Arief Budiman
Finance Director

Is an Indonesian citizen, he is 42 years old, he was born in Bandung, and domiciled in Jakarta, Indonesia. He was appointed as Finance Director of PT Pertamina (Persero) beginning on 15th August 2017, based on the Decree of the Minister of SOE No.SK-160/MBU/08/2017 regarding Dismissal, Change of Nomenclature of Position, Transfer of Duties, and Appointment of Members of the Board of Directors of Limited Liability Company (Persero) PT Pertamina.

Arief Budiman is a graduate of Industrial Engineering from the Bandung Institute of Technology (1996) and obtained his Master of Business Administration (Palmer Scholar) from the Wharton School, University of Pennsylvania (2002).

He began his career in 1997 in the consulting firm Booz Allen & Hamilton, Asia. Working overseas, including with at Merrill Lynch (2001), Booz Allen Hamilton, USA (2003-2004), McKinsey & Co. (prior position, President Director of PT McKinsey Indonesia, 2004 - 2014).

PROFILE OF THE BOARD OF DIRECTORS

**Gigih Prakoso**

Planning, Investment, and Risk Management Director

Is an Indonesian citizen, he is 53 years old; he was born in Kalianget, and domiciled in Jakarta, Indonesia. He was appointed as the Planning, Investment and Risk Management Director of PT Pertamina (Persero) beginning on 15th August 2017, based on the Decree of the Minister of SOE No.SK-160/MBU/08/2017 dated 15th August 2017, and the Decree No. Kpts-47/C00000/2017-SO on Basic Organization Structure of PT Pertamina (Persero).

Gigih Prakoso is a graduate of Agroindustry Engineering and Management of Bogor Agricultural Insititut (1987), Master in Business Administration from St. Louis University, USA (1992), Doctor of Strategic Management from Gadjah Mada University (2006) and PhD from University of Kentucky, Lexington, USA (2000).

Gigih Prakoso has previously held positions in Pertamina that are relevant to the current responsibilities, which were Senior Vice President of Corporate Strategic Growth, and Vice President of Corporate Strategic of Pertamina. In May 2017, he was appointed as the Director of Strategy and Business Development of PT Perusahaan Gas Negara.

Nicke Widyawati

Human Resources (HR) Director
Acting Logistics, Supply Chain, and Infrastructure Director

Is an Indonesian citizen, she is 50 years old; she was born in Tasikmalaya, and domiciled in Jakarta. She was appointed as HR Director of PT Pertamina (Persero) beginning on 27th November 2017, based on the Decree of the Minister of SOE No. SK-256/MBU/11/2017 regarding the Appointment of Members of the Board of Directors of Limited Liability Company (Persero) of PT Pertamina (Persero).

Nicke Widyawati graduated from Bandung Institute of Technology in Industrial Engineering in 1991 and obtained her Master of Business Law degree from Padjadjaran University in 2009. Her career started in 1988 as Assistant Bank Account Manager in Bandung. Prior to serving as the HR Director of Pertamina, Nicke was serving as the Director of Strategic Procurement 1 at PT PLN (Persero).

Dwi Wahyu Daryoto

Assets Management Director

Is an Indonesian citizen, he is 53 years old; he was born in Mojokerto, and domiciled in Jakarta, Indonesia. He was appointed as Asset Management Director of PT Pertamina (Persero) beginning on 15th August 2017, based on the Decree of the Minister of SOE No.SK-160/MBU/08/2017 regarding the Dismissal, Change of Nomenclature of Position, Transfer of Duties, and Appointment of Members of the Board of Directors of Limited Liability Company (Persero) PT Pertamina.

Dwi Wahyu Daryoto graduated from State College of Accountancy (STAN) in 1992 and obtained Master of Applied Psychology from the University of Indonesia (2012). His career started in 1986 as a Junior Auditor of BPKP. In 2012, he began lecturing Human Capital and Knowledge Management courses at the University of Indonesia. His certifications include Certified Public Accountant (CPA), Chartered Accountant (CA), and registered in the State Audit Board (BPK). Prior to the position as Human Resources and General Affairs Director of Pertamina, Dwi Wahyu Daryoto worked as a partner in the Public Accounting Office Tanudiredja, Wibisana and Partners (member of the PricewaterhouseCoopers global network), Human Resources and General Director of PT Pertamina (2014-2016).

PROFILE OF FORMER DIRECTORS/NON- ACTIVE DIRECTORS



Yenni Andayani

Gas Director

(until 9 February 2018)

Is an Indonesian citizen, she is 51 years old; she was born in Tanjung Karang, and domiciled in Jakarta, Indonesia. She was appointed as the Gas Director of PT Pertamina (Persero) beginning on 20th October 2016, based on the Decree of the Minister of SOE No.SK-242/MBU/10/2016 dated 20th October 2016, and the Decree No. Kpts-34/C00000/2016-S0 regarding Basic Organizational Structure of PT Pertamina (Persero).

She is a graduated with a Bachelor of Law from Universitas Parahyangan in 1988. Her career started in 1991 in PT Pertamina and she was given the responsibility to serve as President Director of PT Nusantara Gas Company Services in Osaka, Japan, President Director of PT Donggi-Senoro LNG (2009-2012) and as Senior Vice President of Gas and Power, Directorate of Gas of PT Pertamina (Persero) (2013-2014), and Director of Gas, New and Renewable Energy of PT Pertamina (Persero) (2014-2016).

SENIOR OFFICERS



Syahrrial Mukhtar
Corporate Secretary



Lelin Eprianto
SVP Corporate HSSE



Genades Panjaitan
Chief Legal Counsel
& Compliance



Toto Nugroho P
SVP Integrated Supply Chain



Faisal Yusra
Chief Audit Executive



Herutama Trikoranto
SVP Research &
Technology Center

Upstream Directorate



Ricardo Perdana Yudantoro
SVP Exploration



Meidawati
SVP Upstream Strategic Planning
& Opt Eval



R. Panji Sumirat
SVP Development & Technology



Denie S. Tampubolon
SVP Upstream Business
Development

Gas Directorate



Djohardi Angga Kusumah
SVP Gas & Power



Tanudji D
SVP Engineering, Operation &
Technology Development

Refinery Directorate



Heru Setiawan
SVP Business Dev & Perform
Excellence



Budi Santoso Syarif
SVP Refining Operation

Marketing Directorate



Gigih Wahyu Hari Irianto
SVP Fuel Marketing & Distribution



Basuki Trikora Putra
SVP Non Fuel Marketing

Marketing Directorate



Alfian Nasution
SVP Shipping

Planning, Investment
and Risk Management
Directorate

Daniel Syahputra Purba
SVP Corporate Strategic Growth

Mega Project Refinery
& Petrochemical
Directorate

Achmad Fathoni Mahmud
SVP Project Development



Ignatius Tallulembang
SVP Project Engineering
& Services

Finance Directorate



Narendra Widjajanto
SVP Financing & Business
Support



Yudi Wahyudi
SVP Controller



Jeffrey Tjahja Indra
SVP Corporate Shared
Service Development

Human Resource
Directorate

Ihsanuddin Usman
SVP Human Capital Development

Assets Management
Directorate

Alam Yusuf
SVP Asset Management

2017 MANAGEMENT EDUCATION AND TRAINING PROGRAM

Information regarding education and training of the Board of Commissioners, Directors, Committees, Corporate Secretary, and Pertamina Internal Audit Unit in 2017 is as follows:

Board of Commissioners' Education and Training Program

No	Date	Name of Member of the Board of Commissioners	Activity
1	31 st March – 4 th April	Tanri Abeng	Attended the Gastech (with the Board of Directors) Event in Japan
2	8 th – 12 th May	Edwin Hidayat Abdullah	Asian Global Leadership Program in California
3	15 th May	Arcandra Tahar	As a Speaker in the 2017 People Leader Development Program (PLDP) Batch XI event at the Pertamina Corporate University with the topic "Indonesia's Economic and Political Outlook and Their Effects on PERTAMINA's Vision 2025" in Jakarta

Board of Directors' Education and Training Program

No	Date	Name of Member of the Board of Directors	Activity
1	13 th April	Elia Massa Manik	SOE Executive Leadership Program event
	24 th April		ELP Batch 1
	17 th May		Speaker at the PEDP PTPN Program
			Leadership Sharing Session in the Pertamina Global Executive Development Program (PGEDP)
	15 th June		Speaker at the HSSE Talk Show with the theme "Developing Safety Based Behaviour to Realize Zero Fatalities, We Can"
	12 nd September		2017 Indonesia HR Summit: Speaker in Session 10 "Leadership in the Digital Era"
2	20 th October	Yenni Andayani	Speaker in the Energizing & Empowering Pertamina Internal Audit event
	1 st November		Enterprise Risk Management Half Day Seminar "Energizing Pertamina Business Through Risk Management"
2	7 th February	Yenni Andayani	The 8 th IndoGas 2017
	14 th March		Asia Pacific Natural Gas Vehicle Association (ANGVA) Conference & Exhibition 2017
			Indonesia - Korea Business Summit
	3 rd April		Gastech 2017
	17 th May		The 41 st IPA Convention & Exhibition
			Indonesia - Lithuania Energy Forum
	2 nd August		The 5 th Indonesia International Geothermal Convention & Exhibition (IIGCE) 2017
	13 th September		The 6 th IndoEBTKE ConEx 2017
	28 th September		The 72 nd National Electricity Day 2017
	18 th October		ING Producer Consumer 2017
3	15 th September	Toharso	Sharing session with ITS Students
	3 rd October		Speaker at the Business Unit/Store Café Pertamina Retail Sharing Session
	11 th November		Speaker at the SMKN 3 Tegal National Seminar
4	16 th January	Muchamad Iskandar	Workshop Abu Dhabi Sustainable Week
	18 th January		Leading from ASEAN: From Awareness to Action
	2 nd November		Oil and Gas Hiswana Dialogue – Discussion regarding Fuel
	27 th November		Oil and Gas Hiswana Dialogue – Discussion regarding LPG
5	27 th September	Gigih Prakoso	2017 Mining & Energy Expo, from the Ministry of Energy and Mineral Resources (ESDM)
	20 th October		2017 WPLACE (World Plantation Conference & Exhibiton), topic: Policy & Development Vision of the Biofuel Business in PT Pertamina
6	16 th November	Dwi W. Daryoto	"KOMET" Forum of PT Patra Niaga, theme: Risk Management
	15 th July		SOE Youth Community
	18 th July		Opening Speaker Pointer of PWP 1438H Gathering
	21 st July		PERTAMINA: CULTURE Roadshow
	27 th July		Launching PERTAMINA Digital Community (PDC)
	3 rd August		Opening ICT Innovation Challenge (IIC) 2017
	11 th August		Key Behaviour Formulation Workshop
			Submission of QMA 2017 Feedback Report and Results of the 2016 KPKU Assessment
	14 th August		Up Close Personal Republic of Indonesia Independence
	17 th August		PERTAMINA: CULTURE Roadshow
	7 th September		Assets Management Directorate Coordination Meeting
	27 th September		Ministry & SOE Transformation Opening Forum
	26 th September		Health Edutainment
	13 th October		Coffee with MOR 1 Medan Employees
	19 th October		Securing Assets Workshop
	20 th October		Go-Live New-SIMA
	23 rd October		Internalization of Pertamina Core Values to become Work Behaviour and Character
	27 th October		State Energy Bazaar 2

No	Date	Name of Member of the Board of Directors	Activity
7	8 th September	Ardhy N. Mokobombang	Pertamina Leaders Forum: BI Weekly
	22 nd September		Delivery of Multipurposes Microreactor to ITB
	25 th September		"Sharing Session at the 8 Priority Programs of the Directorate of Refinery Kick Off Event"
	29 th September		2017 Chemical Engineer Convention – Pertamina
	10 th October		Co-Host of Asia Tech Event
	14 th October		IATK ITB Event " Mr Sas and His Thoughts"
	01 st November		2017 Risk Management Day Event

Audit Committee's Education and Training Program

No	Date	Name of Audit Committee Member	Activity
1	19 th January	Dwi Martani, Agus Yulianto, Bonar Lumban Tobing	Seminar regarding the Gross Split Method in K3S Contract based on the Regulation of the Minister of SOEs No. 08/2017 at the Head Office of Pertamina, Jakarta
2	23 rd February	Dwi Martani, Agus Yulianto, Bonar Lumban Tobing	Discussion regarding the Role of the Audit Committee in the Preparation of the Financial Statements, which was organized by the Indonesian Institute of Audit Committee (IKAI) in Jakarta
3	3 rd May	Dwi Martani, Agus Yulianto, Bonar Lumban Tobing	Seminar regarding the Legal Aspect & Holding Company Establishment Mechanism at the Head Office of Pertamina Jakarta
4	22 nd – 29 th July	Agus Yulianto, Bonar Lumban Tobing	The IIA's International Conference in Sydney & Melbourne for on-site Learning in Sydney and Melbourne
5	27 th – 29 th August	Dwi Martani	International Accounting Conference with the theme The Growth Game Changer: How Accounting Works in the Digital Area, in Yogyakarta
6	11 th - 15 th September	Dwi Martani	Asean Global Leadership Program (Theme: Globalization, Innovation, Entrepreneurship, and Leadership) at the University of Cambridge, England
7	30 th November	Dwi Martani, Agus Yulianto, Bonar Lumban Tobing	Legal Preventive Program seminar in Jakarta
8	12 th – 13 th December	Agus Yulianto, Bonar Lumban Tobing	Pertamina Energy Forum seminar in Jakarta
9	14 th – 15 th December	Dwi Martani	International Seminar of Indonesian Institute of Accountants - Commemoration of IAI's 60 th Anniversary with the theme: Toward 2030: Transforming Role of Professional Accounts in the New Economic Order, in Semarang

Nomination and Remuneration Committee's Education and Training Program

No	Date of Event	Name of Member of the Nomination and Remuneration Committee	Activity
1	7 th - 8 th April 2017	Aribowo Prijosaksono, Apep Fajar Kurniawan	Dissemination regarding the Understanding of the Articles of Pertamina's Articles of Association
2	16 th - 19 th September 2017	Apep Fajar Kurniawan	Certified Professional Human Resource (CPHR) in Jakarta
3	25 th - 26 th October 2017	Apep Fajar Kurniawan	Certified Behavioral Analyst (CBA) Program in Jakarta
4	13 th December 2017	Aribowo Prijosaksono, Apep Fajar Kurniawan	Pertamina Energy Forum seminar in Jakarta

Risk Monitoring Committee's Education and Training Program

No	Date of Event	Name of Member of the Risk Monitoring Committee	Activity
1	12 th December	Yusuf Didi Setiarto	Pertamina Energy Forum seminar in Jakarta
2	20 th – 21 st December	Poerwo Tjahjono, Priyo Utomo, Yusuf Didi Setiarto	Updated Knowledge Program on MOPS Price Publication Mechanisms and Trading Patterns in Singapore's Oil and Gas Market, in Singapore

Corporate Secretary's Education and Training Program

Throughout 2017, the Corporate Secretary did not participate in any training, seminars, or workshops.

Pertamina's Internal Audit Unit's Education and Training Program

No	Jenis Sertifikasi	Jumlah Auditor	Keterangan
1	Certified Internal Audit (CIA)	8	International Certification
2	Certified Fraud Examiner (CFE)	27	International Certification
3	Certified Information System Auditor (CISA)	8	International Certification
4	Certified Control Self Assessment (CCSA)	2	International Certification
5	Qualified Internal Audit (QIA)	121	National Certification
6	Certified Accountant (CA)	18	National Certification
7	Certified Public Accountant (CPA) Indonesia	1	National Certification
8	Certified Risk Management Professional (CRMP)	9	National Certification
9	Certified Forensic Auditor (CFrA)	14	National Certification

PRESIDENT DIRECTOR OF SUBSIDIARIES



Nanang Abdul Manaf

President Director
PT Pertamina Eksplorasi dan Produksi



Medy Kurniawan

President Director
PT Pertamina Eksplorasi dan Produksi
Cepu Alas Dara & Kemuning



Irfan Zainuddin

President Director
PT Pertamina Geothermal Energy



Slamet Riadhy

President Director
PT Pertamina Internasional Eksplorasi
dan Produksi



R. Gunung Sardjono Hadi

Direktur Utama
PT Pertamina Hulu Energi



Bambang Manumayoso

President Director
PT Pertamina Hulu Indonesia



Adriansyah

President Director
PT Pertamina Eksplorasi dan Produksi Cepu



Ginanjar

President Director
PT Pertamina Power Indonesia



Vacant

President Director
PT Pertamina Drilling Services Indonesia



Suko Hartono

President Director
PT Pertamina Gas





Achmad Fathoni Mahmud
President Director
PT Kilang Pertamina Internasional



Muhamad Haryo Yuniarto
President Director
PT Patra Jasa

PATRAJASA



Gandhi Sriwidodo
President Director
PT Pertamina Patra Niaga



Indra Baruna
President Director
PT Tugu Pratama Indonesia



Giri Santoso
President Director
PT Pertamina Trans Kontinental



Dany Amrul Ichdan
President Director
PT Pertamina Bina Medika



Sofyan Yusuf
President Director
PT Pertamina Retail



Dani Adriananta
President Director
PT Pelita Air Service



Afandi
President Director
PT Pertamina Lubricants



Sjahril Samad
President Director
PT Pertamina Dana Ventura



Subagjo Hari Moeljanto
President Director
PT Pertamina International Shipping



Tolingul Anwar
President Director
PT Elnusa Tbk



Umar Fahmi
President Director
PT Pertamina Training & Consulting



Deni Febrianto
President Director
Pertamina International Timor S,A



LIST OF SUBSIDIARIES AND ASSOCIATION

No.	Name of Subsidiaries	Shares in Percentage	Date of Establishment	Operation Status	Business Type	Total Assets 2017 (Million USD)
1	PT Pertamina EP	PT Pertamina (Persero) (99.99%) PT Pertamina Dana Ventura (0.01%)	13 th September 2005	Operating	Management of upstream oil and gas business which includes exploration, exploitation, and sales of oil and gas produced from the exploitation activities.	USD7,621.46 Million
2	PT Pertamina Geothermal Energy	PT Pertamina (Persero) (90.06%) PT Pertamina Dana Ventura (9.94%)	12 th December 2006	Operating	Management and development of geothermal resources which includes exploration and exploitation activities, the production of steam and electricity generation and consulting services, construction, operation and maintenance as well as technology development.	USD2,408.12 Million
3	PT Pertamina Hulu Energi	PT Pertamina (Persero) (98.72%) PT Pertamina Dana Ventura (1.28%)	29 th June 2007	Operating	Upstream oil & gas and energy business management both inside and outside the country as well as related and/or supporting business activities in the field of oil and gas.	USD4,780.79 Million
4	PT Pertamina EP Cepu	PT Pertamina (Persero) (99%) PT Pertamina Dana Ventura (1%)	14 th September 2005	Operating	Upstream oil and gas business management, including exploration, exploitation and production in Cepu.	USD2,608.02 Million
5	PT Pertamina Drilling Services Indonesia	PT Pertamina (Persero) (99.89%) PT Pertamina Dana Ventura (0.11%)	13 th June 2008	Operating	Management and development of drilling services including exploration and exploitation of oil and gas or geothermal.	USD574.40 Million
6	PT Pertamina EP Cepu Alas Dara Kemuning	PT Pertamina (Persero) (99%) PT Pertamina Dana Ventura (1%)	15 th August 2013	Operating in exploration stage	Upstream business management, including exploration, exploitation and production in Block Cepu Alas Dara & Kemuning.	USD18.53 Million
7	PT Pertamina Internasional Eksplorasi dan Produksi	PT Pertamina (Persero) (99.99997%) PT Pertamina Dana Ventura (0.00003%)	18 th November 2013	Operating	Management of upstream operations in the field of oil, gas and energy which includes exploration and production activities.	USD5,768.92 Million
8	PT Pertamina Hulu Indonesia	PT Pertamina (Persero) (99.93%) PT Pertamina Dana Ventura (0.07%)	28 th December 2015	Not Yet in Operating	Oil, natural gas and energy businesses <ul style="list-style-type: none"> - Oil and natural gas business including exploration and exploitation - Energy-related business, direct and indirect - Equity participation and participating interest in domestic operations - Services related to oil, natural gas and energy businesses - Other business directly or indirectly related to the businesses described above. 	USD304.84 Million
9	PT Pertamina Power Indonesia	PT Pertamina (Persero) (99.998897%) PT Pertamina Dana Ventura (0.001103%)	Established since 26 th October 2016	Not Yet in Operating	Production, repair and trade of equipment for electricity generated from other energy sources such as natural gas, hydro, geothermal, solar, and others.	USD99.73 Million
10	PT Pertamina Gas	PT Pertamina (Persero) (99.99%) PT Pertamina Dana Ventura (0.01%)	23 rd December 2007	Operating	Business management in the fields of commerce, transportation, distribution, processing and other business related to natural gas and its derivatives.	USD1,926.76 Million

No.	Name of Subsidiaries	Shares in Percentage	Date of Establishment	Operation Status	Business Type	Total Assets 2017 (Million USD)
11	PT Kilang Pertamina Internasional	PT Pertamina (Persero) (99.90%) PT Pertamina Dana Ventura (0.10%)	13 th November 2017	Not Yet in Operating	Management of refinery in oil, natural gas and new and renewable energy, domestic and overseas, comprising activities in production, refinery and trading.	USD0.74 Million
12	PT Pertamina Patra Niaga	PT Pertamina (Persero) (99.912%) PT Pertamina Trans Kontinental (0.088%)	On January 31 st , 2012, became PT Pertamina Patra Niaga, previously established on February 27 th , 1997, under the name of PT Elnusa Harapan.	Operating	Technology services, trade services for non-fuel and oil and gas mining industry.	USD960.39 Million
13	PT Pertamina Trans Kontinental	PT Pertamina (Persero) (99.999%) PT Pertamina Dana Ventura (0.001%)	9 th September 1969	Operating	Shipping operation services including supply vessels, tug boats, cargo vessels, agency and management of Kabil jetty in Batam Island	USD287.01 Million
14	PT Pertamina Retail	PT Pertamina Gas (99.9994%) PT Pertamina Dana Ventura (0.0006%)	17 th June 1997	Operating	Retail gas station business management as well as trade and transportation services for BBM.	USD150.64 Million
15	PT Pertamina Lubricants	PT Pertamina (Persero) (99.95%) PT Pertamina Dana Ventura (0.05%)	23 rd September 2013	Operating	Management of production, trading, transportation, distribution, storage activities for lubricant and its derivatives.	USD500.64 Million
16	PT Pertamina International Shipping	PT Pertamina (Persero) (99.95%) PT Pertamina Dana Ventura (0.05%)	23 th December 2016	Operating	Business management in the field of shipping, with main business activity is the shipping of oil and gas commodities, and other supporting activities.	USD208.97 Million
17	PT Pertamina Training & Consulting	PT Pertamina (Persero) (91%) PT Pertamina Dana Ventura (9%)	25 th February 2002	Operating	HR development services, assessment and consultation on management systems in support of oil and gas and geothermal activities.	USD40.77 Million
18	PT Patra Jasa	PT Pertamina (Persero) (99.999%) PT Pertamina Dana Ventura (0.001%)	17 th July 1975	Operating	Hotel/motel, office buildings and rental of property/hotels.	USD229.39 Million
19	PT Tugu Pratama Indonesia	PT Pertamina (Persero) (6.5%) Siti Taskiyah (12.15%) M Satya Permadi (5.25%) PT SaktiLaksana Prima (17.60%)	25 th November 1981	Operating	Insurance services related to the operations of oil and gas industry and marine hull.	USD836.39 Million
20	PT Pertamina Bina Medika	PT Pertamina (Persero) (99.98%) PT Pertamina Dana Ventura (0.02%)	21 st October 1997	Operating	Health care services and hospitals in Jakarta and surrounding areas, Cirebon, Balikpapan, Tanjung, and Prabumulih.	USD111.01 Million
21	PT Pelita Air Service	PT Pertamina (Persero) (99.997%) PT Pertamina Dana Ventura (0.003%)	24 th January 1970	Operating	Air transportation services, aircraft leasing and scheduled flights (regular), organizes other related businesses or support business activities.	USD65.66 Million
22	PT Pertamina Dana Ventura	PT Pertamina (Persero) (99.93%) PT Pertamina Patra Niaga (0.07%)	25 th July 2002	Operating	Business management in the provision of venture capital.	USD71.33 Million
23	PT Elnusa Tbk	PT Pertamina (Persero) (41.10%) Dana Pensiun Pertamina (14.90%) Public (44%)	19 th February 1969	Operating	The management of oil and gas services which include, among others, seismic, drilling and oil field management services.	USD358.32 Million
24	Pertamina International Timor S,A	PT Pertamina Patra Niaga (50%) PT Pertamina Retail (45%) 4- Consorcio Timor Progresso, Lda (5%)	19 th October 2015	Operating	Downstream oil and gas in Timor Leste.	USD28.68 Million

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Fax : (031) 8437534, 8437537,
33148, 33149, 33166, 33167
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PT Pertamina Hulu Energi
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Rua Pantai Kelapa, Comoro
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* Affiliated Companies whose Financial Statements
are consolidated in PT Pertamina (Persero)

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Fax : +65 6225 1838
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Fax : 021 2995 1501
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Rating Agency

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Singapore Land Tower Singapore 048623
Phone : (65) 6398 8300
Website : www.moody.com

Fitch Ratings Singapore Pte. Ltd

6 Temasek Boulevard
#35-05 Suntec Tower 4
Singapore 038986
Phone : (65) 6796 7200
Website : www.fitchratings.com

Standard & Poor's Singapore Pte. Ltd

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Fax : (65) 6438 2320
Website : www.standardandpoors.com

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(Global Bond 2013 & 2014)
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Fax : +1212 815 5366/5917
Website : www.bnymellon.com

HSBC Bank USA, National Association

(Global Bond 2011 & 2012)
452 Fifth Avenue 8E6
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United States of America
Fax : +1 212 525 1300
Website : www.us.hsbc.com

Bond Listing

Singapore Exchange Securities Trading Limited

2 Shenton Way
#02-02 SGX Centre 1
Singapore 068804
Phone : (65) 6236 8888
Fax : (65) 6535 6994
Website : www.sgx.com

Bond Underwriter/Joint Lead Manager

The following serve as Underwriters/Joint Lead Managers in the issuance of Pertamina Global Bonds in the last 3 years:

Citigroup Global Markets Limited (2014, 2013, 2012)

Citigroup CentreCanada Square Canary Wharf London E14 5LB
United Kingdom

Barclays Bank PLC (2014, 2013, 2012)

5 The North Colonnade Canary Wharf
London E14 4BB United Kingdom

The Royal Bank of Scotland Plc (2013)

135 Bishopsgate
London EC2M 3UR United Kingdom

The Hongkong and Shanghai Banking Corporation Limited (2014, 2012)

Level 17, HSBC Main Building 1 Queen's Road Central Hong Kong

INFORMATION ON SERVICES OF THE COMPANY'S PROFESSION AND SUPPORTING INSTITUTIONS

Institution	Services Provided	Assignment Period
Public Accounting Office of Purwanto, Sungkoro dan Surja	Audit the Financial Statements, Interim Audit, Compliance Audit, conduct Agreed-upon Procedures, and issued Management Letter regarding Consolidated Company and Affiliated Financial Statements, PKBL and 2017 Financial reports; Report regarding the Result of the Management Performance Evaluation (LHEK) of the Company; Report regarding the Implementation of the Precautionary Principles (KPPK Report); Report regarding the Evaluation of the Evaluation Result of the Company's Management Contract Achievement for the 2017 fiscal year as well as Report on the Evaluation of the Evaluation Result of the Company's Management Contract Achievement for the 2017 fiscal year	2017 Fiscal Year
Hogan Lovells LLP (Paris) Legal Consultant	Interest in the establishment of Maurel & Prom	2017 Fiscal Year
Dentons Rodyk & Davidson LLP	To assist Pertamina with regard to all legal matters to ensure that the Transactions (Refinery Project in Tuban) are conducted in the manner required by the Company	2017 Fiscal Year
Law Office Widyawan & Partners	General legal aid services	2017 Fiscal Year
Share Registrar	No Periodic Services	No periodic services



MANAGEMENT DISCUSSION AND ANALYSIS

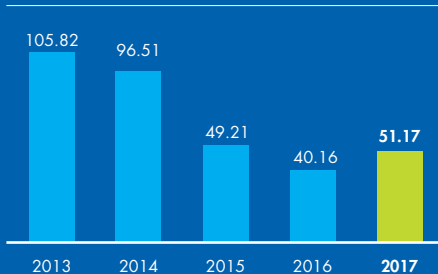
Up to now, the oil and gas sector is still playing a very important role in the Indonesian economy. Aside from being one of the states major revenue contributors, Indonesia requires sufficient reserves and production of oil and gas to ensure our national energy security and to cut down on dependency of imports.

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INDUSTRY OVERVIEW

Average ICP Price
(USD/barrel)



At a time when the price of oil remains under pressure, hindering investors from commencing with upstream oil and gas projects owing to economic viability, Pertamina is continuing its exploration and production activities, including the preparation of our investment plan to manage the Mahakam block to secure national oil and gas reserves.

World Oil Price

The price of world crude oil is determined by several fundamental factors, including crude oil supply-demand conditions in the international market. On the supply side, the three most influential factors are the production of US shale oil, US crude oil inventories, and oil production coming from the Organization of Petroleum Exporting Countries (OPEC) member countries. With regards to demand, OPEC's statement indicating a global demand forecast of 1.3 million barrels per day in 2018 triggered volatile oil prices throughout 2017.

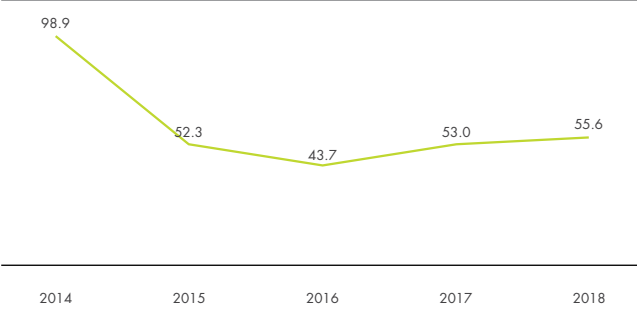
Based on the US Energy Information Administration's (EIA) Short-Term Energy Outlook, Brent crude oil prices will remain in the range of USD 52.4 per barrel in 2017 and increase to USD 54.1 per barrel in 2018. While the June edition of The OECD's Economic Outlook

predicted that Brent Crude Oil would be in the range of USD 53.5 per barrel by 2020. In the long run, the IMF's Primary Commodity Prices Projections also predicted that world crude oil prices will be at around USD 53.5 per barrel by 2020.

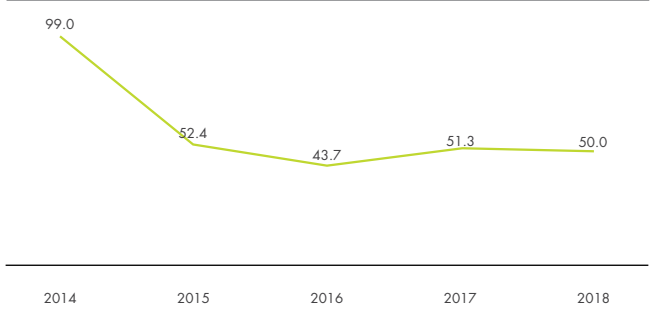
While World Bank Commodity Forecast predicted Brent, WTI (West Texas Intermediate) and Dubai prices would gradually rise to somewhere in the range of USD 80 per barrel by 2030. Thus, the price of crude oil is expected to continue to strengthen through to 2020 and 2030.



EIA Brent Crude Oil Price Projections
(USD/bbl)

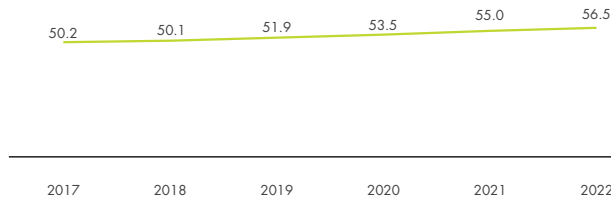


OECD Brent Crude Oil Price Projections
(USD/bbl in 2010 prices)



INDUSTRY REVIEW

IMF Brent Crude Oil Price Projections
(USD/bbl)



Crude Oil Price Projections
Source: www.knoema.com

Referring to the Wood Mackenzie Oil Price Outlook report as per November 2017, Brent, WTI and Dubai prices are forecasted to be around USD 50 per barrel in 2019.

Brent Price and Forecast
(USD/bbl)



Dubai Price and Forecast
(USD/bbl)



WTI Price and Forecast
(USD/bbl)



WTI Price and Forecast

Year	Quarter	Brent Price (USD/bbl)	WTI Price (USD/bbl)	Dubai Price (USD/bbl)
2017	Q1	53.47	51.83	52.97
	Q2	49.43	48.27	49.53
	Q3	52.50	48.17	50.67
	Q4	57.10	51.62	55.30
2018	Q1	51.30	46.60	50.10
	Q2	48.00	45.00	47.20
	Q3	52.70	49.60	51.60
	Q4	56.00	51.20	54.30
2019	Q1	55.00	49.90	53.40
	Q2	53.00	49.60	51.90
	Q3	54.30	50.90	52.90
	Q4	57.70	52.60	55.70

Wood Mackenzie Oil Price Outlook per November 2017

In 2017, the world oil price briefly touched its lowest point where the price of Brent slumped bottoming out at USD 49.43 per barrel and WTI prices went down as far as USD 48.27 per barrel in mid-June 2017. This was the first time the two reference prices had dropped below USD 50 per barrel since November 2016. In its development, prices began to rise attributable to the influence of the geopolitical situation in oil-producing countries. Venezuela's debt conditions forced the government to lower its production capacity to 300,000 bpd and the impact of the Kurdistan election wanting independence from Iraq on 25th September 2017 had dampened the production capability of two major oil fields in Iraq.

During OPEC meeting in Vienna on 30th November 2017, OPEC member countries and non-OPEC oil producing countries led by Russia agreed to extend oil production cuts through till the end of 2018. OPEC also decided to limit Nigeria and Libya's production to below 2.8 million bpd. In accordance with this decision, world oil prices lifted, US crude prices rose by 0.3% to USD 57.58. February Brent crude oil futures rose to USD 62.90. The price level broke record highs since 2015.

Indonesian Crude Oil Price

Indonesian Crude Price (ICP) is the base crude oil price used in the State Budget (APBN). ICP is the average price of Indonesian crude oil in the international market consisting 43 types.

ICP is never separated from the Draft State Budget (RAPBN) stipulation. Pertamina always uses RAPBN as a reference in preparing the Work Plan and Corporate Budget (RKAP). Based on the Draft State Budget of 2017, ICP is estimated to average USD 45 per barrel and is influenced by the following factors:

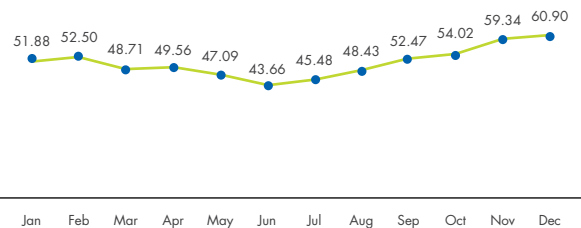
- Decline estimates of production in OPEC countries,
- Increasing demand of crude oil from OECD countries and China,
- An increase in production from non-OPEC countries,
- lifting of economic sanctions against Iran, and
- Strengthening of the US dollar.

These factors are expected to have a dampening effect on rising crude oil prices. In the Revised Draft Bill (RAPBN-P) 2017 approved by the House of Representatives on 27th July 2017, the ICP price assumption was revised to USD 48 per barrel.

Along with an increase in world oil prices, ICP prices have also increased. In an announcement made by the oil pricing team in the Ministry of Energy and Mineral Resources (ESDM) in January 2018, the ICP price for the period of December 2017 rose to USD 60.90 per barrel. The price rose by 17% as compared to the ICP in January 2017 of USD 51.88 per barrel and up 39% from the lowest price in June 2017 of USD 43.66 per barrel.

Indonesia Crude Price (ICP) 2017

(USD/Barrel)



Indonesian Upstream Oil and Gas Industry

Throughout the period of 1979 - 1984, the upstream oil and gas industry contributed 62.88% of the total state revenues. However in recent years, the contribution of upstream oil and gas to the state budget has declined to only around 3% - 5%, this is attributable to the overall decline in world oil prices and the depletion of national oil and gas reserves. Nevertheless, this sector still plays a very important role in the Indonesian economy. Indonesia still requires sufficient oil and gas production and reserves in order to secure our national energy supply and reduce our dependency on imports.

Globally, investment in the energy sector has seen a decline of 12%, followed by a 26% decline in oil and gas investment. In Indonesia, oil and gas investment fell by 27%. With low oil prices persisting, investors are unwilling to commence upstream oil and gas operations due to project economics. The realization of upstream oil and gas investment in Indonesia throughout the first semester of 2017 reached 29% of the Work Plan and Budget (RKA) target agreed to by SKK Migas and contractors amounting to USD 13.80 billion. Actual investment reached USD 3.98 billion, with an investment of USD 3.96 billion being used for exploitation blocks, and the rest for exploration blocks. This result is lower than for the corresponding period in 2016 that reached USD 5.65 billion with an investment of USD 5.51 billion being used in exploitation blocks and the remainder in exploration blocks.

Based on SKK Migas data dated 5th October 2017, the realization of upstream oil and gas investment was only USD 6.74 billion with USD 6.18 billion coming from the exploitation work area and USD 560 million from the exploration work area. As a result the government has revised its upstream investment RKA target to USD 12.29 billion, with an investment target of production in the work area of USD 11.42 billion and exploration of USD 870 million.

Natural Gas

In parallel with domestic economic growth, domestic gas demand also has risen. Gas production, which was once mostly exported, however since 2012 has mostly been used to fulfill domestic demand. Based on the data from the Directorate General of Oil and Gas, in 2016, domestic gas consumption reached 3,997 MMSCFD (59%), of which 23.26% was consumed by industries, 14.61% for electricity, 9.58% for fertilizer, 2.58% for domestic LPG, 6.17% for domestic LNG, oil lifting 2.79%, city gas 0.05% and gas fuel (BBG) for transportation 0.05%. The Industrial and electricity generation sectors account for the majority of the consumption of gas production. Moreover, exported gas reached 2,860 MMSCFD (41%) consisting of 29.36% LNG exports, and 11.55% piped gas exports. With the Government's 35,000 MW electricity project, an additional 1,100 MMSCFD gas supply will be required.

The government continues to foster the development of the gas industry in Indonesia, including augmenting its utilization by building additional gas infrastructure in various regions. One strategy is to build synergies with various companies and implement consistent regulations. Based on the Indonesia Gas Balance, Indonesia will have to venture into more gas production due to the fact that the production from the Cricket Field, which was originally estimated at 450 MMSCFD can be raised to 600 MMSCFD coupled with the production of the Tangguh Train 3 and Masela Block.

This presents both a great challenge and a great opportunity for the oil and gas industry players to build infrastructure in order to boost the gas utilization for electricity. Another challenge and opportunity for investors is to build the required infrastructure for the increased utilization of gas in marine transportation, mining and land transportation.

Government Policies

The oil and gas industry in Indonesia is heavily dependent on Government policies regarding the upstream, midstream and downstream sectors. Every Government policy in each of the oil and gas industry businesses acts as reference point for oil and gas industry entrepreneurs in Indonesia including Pertamina. Some important Government policies related to the oil and gas industry in 2017 are as follows:

A. Gross Split Scheme

One of the most important policies issued by the Government in 2017 is the alteration to business schemes involved in the upstream sector from being previously based on a cost recovery scheme to become a gross split scheme. The scheme aims to attract contractors to invest in the oil and gas fields in Indonesia. With the gross split scheme, in addition to potentially streamlined operating costs, the proportion of profit sharing contracts between the government and contractors directly became 57%:43% for oil and 52%:48% for natural gas. The proportion of this base split can be adjusted by considering the

12 component variables, which are: field status, on shore, off shore, reservoir depth, availability of supporting infrastructure, reservoir type, CO₂ content, H₂S content, petroleum weights, local/domestic content levels (TKDN), production stages, oil prices and cumulative production.

B. 10% Participating Interest

To intensify regional and national participation in oil and gas management, the Government issued Regulation No. 37 of 2016 of the Minister of Energy and Mineral Resources that requires Cooperation Contractors (KKKS) to offer a maximum of 10% participating interest to Provincial-Owned Enterprises (BUMD) or to State-Owned Enterprises (BUMN) if the regional government has no interest. The direct involvement of the local government in managing their own oil and gas through BUMD will hopefully enhance its ability to improve the welfare of the people.

C. Petroleum Production Monitoring System

Regulation of the Minister of Energy and Mineral Resources No. 39 of 2016 requires contractors to implement a real time online petroleum production monitoring system to their upstream oil and gas production facilities. The aim is to enhance accountability and transparency in oil production operations and to monitor the amount of petroleum produced in real time.

D. Natural Gas Price Arrangement for Certain Industries

Based on Regulation of the Minister of Energy and Mineral Resources No. 40 of 2016, the Government sets out natural gas prices for certain industries with the aim of accelerating national economic growth, maintaining the purchasing power of domestic consumers at an affordable level, as well as providing added value for fertilizer, petrochemical and steel industries. Considering the competitiveness of natural gas prices in the international market and the economics of the field, Indonesia's natural gas price at plant gate is set at no more than USD 6 per MMBTU.

E. Refinery Development by the Private Sector

In the midstream sector, the Government through the Minister of Energy and Mineral Resources Regulation No. 35 of 2016 encourages development of oil refineries by private enterprises. The regulation aims to ensure national energy availability, reduce dependence on fuel imports, actualize national energy security, and intensify the participation and active role of private enterprises in fulfilling national energy needs.

With the granting of a Public Business License by the Government, private business enterprises, both local and international are given the opportunity to build oil refineries, whether the intake is sourced domestically or imported. The product produced by private refineries can be sold to any end user and be exported as long as domestic demands are met.

For Pertamina, the regulation provides the opportunity to collaborate with international oil and gas companies interested in investing towards building a world-class capacity refinery integrated with petrochemicals. The subsequent opportunity is further downstream partnerships in the sales of refinery products to consumers in both the transportation and industrial sectors. Pertamina has also been provided with the opportunity to explore the domestic petrochemical market with its petrochemical production abilities and capacity from the integrated refineries.

However adversely, if Pertamina fails to take advantage of this opportunity, Pertamina will face tight business competition from international oil and gas investors, since a Public Business License can cover everything from the construction of an integrated refinery through to the sales of refinery products to the domestic and international markets.

F. Acceleration of One Price Fuel Policy

In an effort to bring about equity for all Indonesians, the Government issued Regulation No. 36 of 2016 of the Minister of Energy and Mineral Resources regarding Accelerating the National Assignment for the Enforcement of the One Price Policy for Certain Fuel and Petroleum Types.

The types of petroleum products that are regulated consist of certain types of fuel (JBT), which includes, diesel oil (gas oil) 48 and kerosene, and the special petroleum type assignment (JBKP), including gasoline RON 88. The Minister of EMR stipulates both the basic and retail prices of JBT and JBKP. The business entity recipient of the assignment shall implement the retail sale price as stipulated by the Minister of EMR. Distribution by the business entity recipient of the assignment is through a designated distributor. In the event that no distributor is available in a certain location, then the business entity shall appoint a new distributor. The One Price Fuel location is determined by the Director General of Oil and Gas. The cost of distribution from the supply source to the distributor destination site is not to be borne by the distributor, but to be borne by the Business Entity Recipient of the Assignment.

On one hand, this policy provides an opportunity for Pertamina to participate in the distribution of fuel to all corners of the nation at a price set by the government. On the other hand, the cost of distributing One Price Fuel to locations with limited or even no means of land or sea transportation poses a serious challenge for Pertamina should the volume of fuel being transported be not viable, then the distribution/freight cost per liter of fuel becomes very high.

Utilization of Non Conventional Energy Sources

The potential of new and renewable energy sources (EBT) in Indonesia is enormous, but its application is very limited. In the attachment of Presidential Regulation (Perpres) 22 of 2017 on the National Energy General Plan, renewable energy source potentials are as follows:

Table: Potential new and renewable energy source (MW)

No.	Type of Energy	Reserve Potential (MW)	Installed Capacity (MW)	Utilization
1	Solar	207,898	78.50	0.04%
2	Hydro	75,091	4826.70	6.40%
3	Wind	60,647	3.10	0.01%
4	Bio Energy	32,654	1671.00	5.10%
5	Geothermal	29,544	1438.50	4.90%
6	Mini and Micro Hydro	19,385	197.40	1.00%
7	Ocean	17,989	0.30	0.002%
Total		443,208	8,215.50	17.45%

In supporting the development of new and Renewable Energy (EBT), the Government has issued the following rules:

1. Presidential Regulation (Perpres) No. 5 of 2006 on National Energy Policy that sets out the EBT's growth contribution in the national energy mix in 2025 (31%)
2. Ministerial Regulation (Permen) of ESDM No. 20 of 2014 regarding the Second Amendment to the Minister of Energy and Mineral Resources Regulation No. 32 of 2008 on the Provision, Utilization and Trading of Biofuel as other fuel to support the acceleration of biofuel utilization as a source of energy for the transportation sector and power generation.
3. Government Regulation No. 79 of 2014 regarding National Energy Policy that stipulates the national primary energy mix target for 2025, which consists of renewable at 23%, petroleum 25%, coal 30%, and natural gas 22% and by 2050 the renewable target is set at 31%, petroleum 20%, coal 25%, and natural gas 24%.


G. Gas and Geothermal for Power Plant

Minister of Energy and Mineral Resources Regulation No. 45 of 2017 regarding the Utilization of Natural Gas for Power Generation provides the basis and opportunity for Pertamina to enter the gas business through the development of industrial gas pipeline infrastructure (transmission and distribution). Furthermore, it is also an opportunity for Pertamina to venture into the electricity generation business by developing Gas Fired Power Plants (PLTG) supporting the Government's 35,000 MW Power Plant program.

Meanwhile, Minister of Energy and Mineral Resources regulation No. 50 of 2017 regarding the Utilization of Renewable Energy Resources for Power Supply encourages Pertamina to fulfill its commitment by developing Indonesia's geothermal energy for generating electricity, in which Indonesia possesses 40% of the world's geothermal potential.

BUSSINES SEGMENT OVERVIEW

2025 Pertamina Aspiration

Upstream		Oil and Gas Production & Geothermal Oil and Gas Production – MMBOEPD Geothermal - Installed Capacity – MW Additional Oil and Gas Reserves – MMBOE	1.90 1.80 2,267 600.00
Gas		Volume Gas Solid – MMSCFD Gas Pielines – KM City Gas – Number of Home Connections Installed Gas Power Capacity	> 3,600 > 10,000 >150,000 4 GW
New & Renewable Energy		Installed EBT Power Capacity	1.2 GW
Refinery		Processing Capacity (MMBPD) Complexity (NCI)	2.0 > 9
Infrastructure & Marketing Development		Stock (Number of days) SPBU (Number of SPBU) BBM Storage Capacity (Million KL)	10 > 6,409 8.30

In 2017, Pertamina asserted the “8 World Class Priorities” compiled based on the principles of SMART (Specific, Measurable, Achievable, Realistic and Timebound) and was created through careful consideration of the current conditions of all the functions

and subsidiaries (realization) points of view. This priority serves as the basis for every function and subsidiary in establishing strategic initiatives to ensure Pertamina’s 2025 ambitions of becoming a “World Class Energy Company.”



Some important measures and achievements related to these 8 priorities throughout 2017 were:

- Pertamina through its subsidiary PT Pertamina Hulu Indonesia (PHI) officially replaced Total E&P Indonesia (TEPI) as the administrator of the Mahakam Block. PHI will manage the Mahakam Block beginning in early 2018, after the E&P Indonesia (TEPI) contract is terminated on 31st December 2017. For 2018, PHI has prepared a preliminary investment budget (ABI) of USD 700 million to drill wells in the Mahakam Block. Throughout 2017, PHI had already successfully drilled 14 wells and will be followed by another 55 well drillings in 2018.
- Pertamina has established a Research and Technology Center (RTC), which is directly responsible to the President Director of the Company. RTC aims to realize integrated Research and Development (R&D) that can generate technology so as to improve production output and efficiency, formulate technological strategies in order to meet Pertamina's current and future needs, and enhance Pertamina's technological capabilities.
- The Refinery Unit (RU) IV Cilacap, Central Java began producing petroleum (BBM) with a maximum sulfur content of 50 ppm labeled Pertamina High Quality. This product is currently being processed at the Residual Fluid Catalytic Cracking (RFCC) refinery, Prime-G Unit with a capacity of 37.6 thousand barrels per stream day through the sulfur removal process at the Selected Hydrogenation and Hydrogen Desulfurization Unit. The Pertamina High Quality component consists of 46% Naphtha RCC and Platformate ex Platformer II 54% with a production capacity of 1,100 metric barrels per month. The maximum sulfur content of 50 ppm also meets the emission standard for new motor vehicle models emissions based on the Regulation of the Minister of Environment and Forestry Number: P.20/MENLHK/SETJEN/-KUM.1/3/2017 regarding Quality Standards of New Motor Vehicle Models Emission Category M, N, and O.

- The two State-Owned Enterprises have collaboration between Pertamina and PT Perusahaan Gas Negara (PGN) for the construction of the Duri-Dumai gas pipeline network, which entered its groundbreaking stage on 13th November 2017. Construction of the 24-inch in diameter and 64 Kilometer (km) pipeline is carried out by PT Pertamina jointly with PGN over an 11-month period. The tie-in point is located at Duri Meter Station Grissik-Duri pipe (PT TGI) and end-point at Pertamina Refinery Unit II Dumai Refinery. Pertamina and PGN own the gas that will be channeled through the pipeline with the source of gas coming from the Corridor Block (ConocoPhillips), Bentu Block (Energi Mega Persada/EMP), and Jambi Merang Block (JOB Pertamina-Talisman). The construction and operation of the Duri-Dumai gas pipeline was assigned to Pertamina and PGN through the Decree of the Minister of EMR No. 5975 K/12/MEM/2016 dated 27th June 2016.
- Reformulation of RDMP and GRR projects was in accordance with world refinery development project best practice.
- Pertamina and PT PLN (Persero) have signed a Gas Sales and Purchase Agreement (PJBG) for the Jambaran-Tiung Biru Field (JBT). PLN will purchase gas at the volume of 100 million cubic feet per day (mmscfd) with an agreed price of USD 7.6 per mmbtu over 30 years. This agreement is a revelation of Pertamina's commitment in supporting the 35,000 MW power plant project.
- Pertamina through its subsidiary PT Pertamina Lubricants successfully penetrated the Middle East market marked through the sale (trail order) of a 20-foot container worth USD 56,695 to Egypt on 28th September 2017. The contract set off a partnership between PT Pertamina Lubricants and Ashrafco, a local Egyptian company with a good reputation.
- Pertamina continues its commitment to implement the Government's assignment to distribute One Price Fuel in 3T (frontier, outermost, and disadvantaged) areas territories on the basis of equality and fairness principle. The implementation of the Price One Fuel task is regulated under the Minister of Energy and Mineral Resources Regulation No. 36 of 2016 regarding the Acceleration of One Price Fuel. This assignment is one of Pertamina's key roles as a State Owned Enterprise to ensure the availability of energy supply for all Indonesians across the country. Through unto the end of December 2017 Pertamina is operating 54 points of distribution with locations of One Price fuel in the 3T areas.

Technology for a Successful Future

The current and future business challenge is the competition for the mastery of technology. This is also a fact in the oil and gas industry: high cost, high risk and high technology. The selection of right technology becomes crucial in bringing about efficiency in operations. Application of Technology is also compulsory to anticipate changes in world energy trends, including the developing trend in the utilization of New and Renewable Energy (EBT).

Pertamina comprehends very well that the future of the Company relies on Pertamina's level of focus on research and technology. All personnel in Pertamina must have the same mindset in achieving the Company's vision of being a "World Class Energy Company." Pertamina should not only be capable of producing 1.9 million barrels of oil equivalent per day (MMBOEPD), but also capable of generating and selling technological innovations.

In regards to upstream business, beginning in 1996 Pertamina developed the Upstream Technology Center (UTC), which was then called the Research and Development Unit for Production Exploration, which acts as the controller of exploration and production technology development in the Upstream Directorate (Direktorat Hulu). UTC is responsible for providing technological

solutions to be applied in upstream oil, gas and new and renewable energy so as to support Pertamina's exploration and production operations. This unit formulates solutions that are reliable, responsive and effective on an end-to-end basis. UTC also serves as an oil and gas technological innovator for subsidiaries as well as the developer of our human resources technical competence in Hulu (Upstream).

In addition to relying on its own capabilities, efforts to assess and apply technology are also carried out through cooperation with various parties. Pertamina welcomes collaboration with partners possessing high competence in the oil and gas and new and renewable energy technology sector. Going forward, new and renewable energy will play an increasingly important role in attaining national energy independence.

Pertamina has established cooperation with the Agency for the Assessment and Application of Technology (BPPT) to generate innovations in oil and gas technology and renewable energy along with its supporting system. This

strategic partnership is projected to generate innovations in oil and gas and renewable energy.

In addition, Pertamina is also working with Repsol, a Spanish oil and gas company to conduct research encompassing four areas: upstream digital technology, research on development of EOR technology (oil production enhancement), second generation biofuel, and research & development management.

Research and Technology Center

Beginning in 2016, Pertamina established a research and technology center to respond to the demand for improvement in technological advancements in both downstream and upstream technologies. In July 2017, the Research and Technology Center (RTC) was established directly under the President Director and officially in operation by merging a number of research functions under several other technical directorates.

The purpose of RTC establishment is:

- To achieve integrated research and development (R&D) that can create the technology required to improve production and efficiency,
- To establish an R&D that possesses a technological strategy capable of addressing both the current and future needs of Pertamina, as well as formulating a R&D Center roadmap for the period of 2017-2030,
- To create R&D that will improve the technological capabilities of our nation and Pertamina that will also then contribute to the overall economic growth of the nation.

RTC is anticipated to develop a wide range of technological innovations, products, or processes, so as to address all future energy challenges. The establishment of RTC is in line with one of Pertamina's "8 World Class Priorities" in upbuilding the technical competence of Pertamina's human resources.

Currently, RTC is building the organization, which includes finalizing personnel migration from other technical directorates, drawing up the 2017-2018 work plans and budgets, opening communication with universities for research cooperation, research institutes and industries, as well as fulfilling other operational requirements. RTC is also working on a framework blueprint to be the basis for policy-making that includes goals, objectives, strategies, program implementation and formulation, as well as focusing on all activities and measures that need to be taken.

Although the organizational structure and blueprint are currently ongoing, the RTC still continues to conduct research, primarily to continue projects that have previously been undertaken by the research function in each directorate. Future RTC activities will be focused on technological development and problem solving as well as increasing Pertamina's added value business across the Upstream, Downstream and EBT sectors.

In the upstream sector, RTC focuses on 5 areas of Research & Development, including exploration research, upstream development research, production research, drilling research and geothermal research. Upstream technological development is mainly directed towards the discovery of new reserves that are increasingly difficult to come across and to enter unconventional oil & gas by continuing to develop the following technologies:

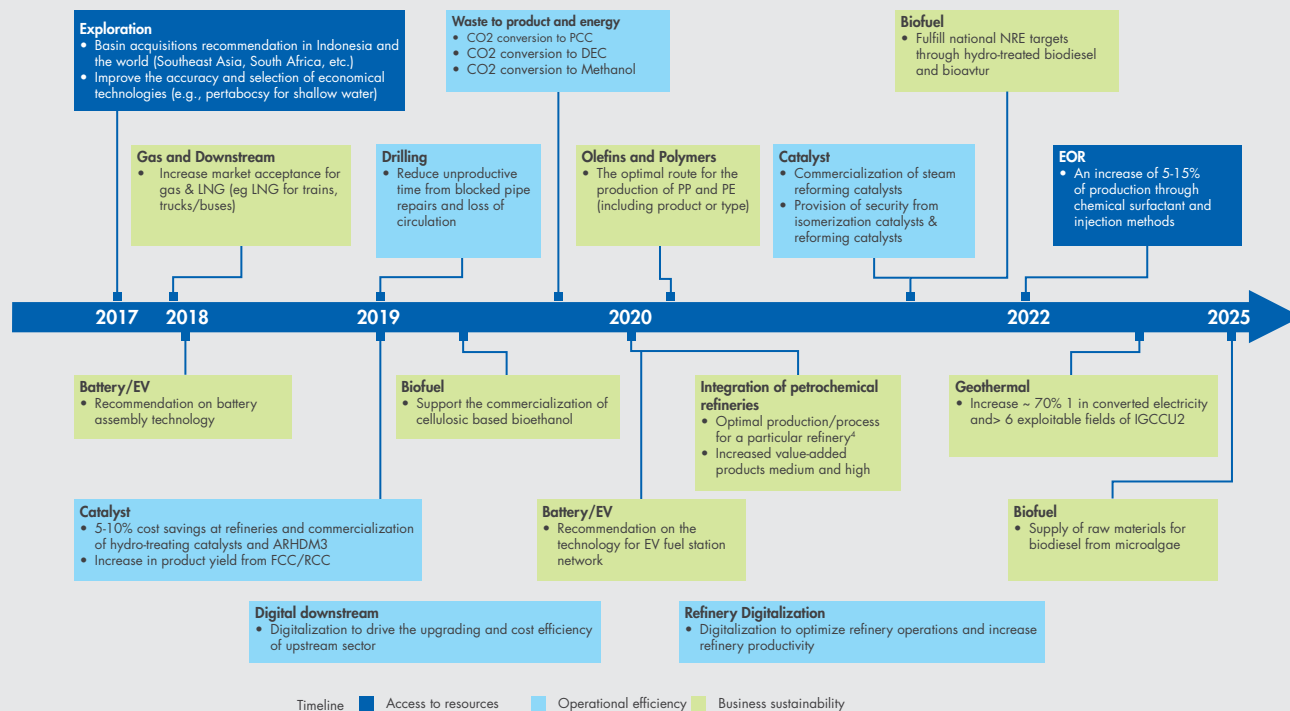
- Enhanced Oil Recovery (EOR) - surfactants, CO₂, polymers, chemicals,
- Drilling - both for exploration and exploitation,
- Unconventional Petroleum (coal bed methane, shale gas, oil sand)
- Exploration (deepwater, harsh environment)

For the Downstream and New & Renewable Energy, the RTC focuses on 8 areas of Research & Development, which are: oil and gas research, process development research, materials and chemistry research, petrochemical and petroleum non-fuel research, power development and energy storage management, new energy development, renewable energy development and carbon capture and storage development. Among the technologies that need to be developed are:

- Biofuels - especially those based on agricultural and algae wastes,
- Biomass - gasification,
- MSW-fueled power plant (municipal solid waste),
- Solar PV, wind power, ocean currents, nuclear (conventional and Thorium).

RTC Research and Development Activities Roadmap

Based on current research being developed
(may change following blueprint directives)



1. Increase electricity production from 70MW to 120MW per day 2. Implementation of Integrated Geothermal Combined Cycle Units (IGCCU) to utilize low-medium thermal enthalpy 3. Unit Atmospheric Residue Hydro Demetalization 4. Can be relevant, given that the disruption of battery/EV is long term. Source: Workshop with RTC

Source: Workshop with RTC

In addition to research activities, RTC also performs technical services to support the operations of the technical directorate, including the preparation of equipment specifications, chemical and laboratory glassware Refinery Development Master Plan (RDMP), completion of interior design review for the Laboratory Refinery Unit in the new building, and supporting other operational activities including refinery and marketing.

RTC inventions have received 15 patents granted by several Asian, European countries and the US, for example: Exdo-04, LGV, SPM-02, HAP, Slack Wax, SF-02, Pertamina Racing, Catalyst and treated distillate aromatic extract.

Currently the TDAE development project is being undertaken in conjunction with Spanish Repsol for the manufacture of TDAE production units at RU IV Cilacap. In addition to TDAE, Pertamina has also succeeded in producing catalysts used in Pertamina refineries. The development of catalysts by Pertamina causes other catalyst suppliers to lower their catalyst prices making them more competitive. Some product and process innovations that have been commercialized include: Smooth Fluid for drilling, Pertamax Racing, EXDO 04 for Rubber Processing Oil, etc.

Upstream Data Center

Pertamina already has an Upstream Data Center (PUDC) under UTC. PUDC is the data storage center of all of upstream oil and gas activities, both Pertamina's primary data and secondary data derived from various research publications and other institutional studies based on upstream oil and gas activities and other similar science. This data includes Geological, Geophysical and Reservoir (GGR) data, production and Production Facilities (PF), drilling, and geothermal.

The intention is that all technical data upstream subsurface and surface can be integrated in one management system, making it easier and supports evaluation activities and studies of oil and gas and geothermal experts in improving the success ratio of new discoveries and efforts to increase production.

PUDC data management capabilities have been recognized by oil and gas industry stakeholders. PUDC has gained government trust through the assignment from SKK Migas to manage integrated data of the national upstream oil and gas sector. All upstream data related to exploration and production, is now managed by a competent team and through reliable means at the PUDC, for both the internal for Pertamina (along with APH) and National Cooperation Contractors (KKKS).

UPSTREAM SECTOR

Pertamina's upstream business activity is managed by the Upstream Directorate, which includes exploration, drilling, development and production of oil, gas and geothermal, provision of technology services and drilling services both within and outside the country. At the end of 2017, oil equivalent production reached 693 MBOEPD and geothermal installed capacity reached 617 MW.

In order to achieve upstream sector growth as one of Pertamina's "8 World Class Priorities," the business strategy in the upstream sector is to increase production and increase the number of new oil and gas reserves. This is achieved through both organically Improved Oil Recovery (IOR) and Enhanced Oil Recovery (EOR) for existing assets, or inorganically by conducting merger and acquisition (M&A) on oil and gas blocks inside and outside the country.

In February 2017, Pertamina through its subsidiary, PT Pertamina Internasional Eksplorasi dan Produksi (PIEP), finalized the acquisition of Mauret Prom (M&P), a French oil and gas company with 72.65% ownership.

Domestically, Pertamina is given priority by the Government to manage oil and gas blocks that have expired (termination block). This is in accordance with Minister of Energy and Mineral Resources Regulation No. 15 of 2015 regarding Management of Oil and Gas Working Areas, in which its cooperation contract has expired and is replaced by Minister of Energy and Mineral Resources No. 30 of 2016. According to the Minister of Energy and Mineral Resources, Pertamina is also entitled to a transition period from oil and gas contractors whose contracts will expire. Of the 10 oil and gas working areas to which their contracts are to expire by 2018, in 2017 the Government has approved the contract with Pertamina for the Offshore North West Java (ONWJ) Block with a gross split scheme. Pertamina is also assigned as temporary manager of the Attaka Work Area for 10 months with a PSC scheme and as the manager of the Mahakam Block effective as of 1st January 2018.

Business Activities

Upstream business activities are managed by PT Pertamina Exploration and Production ("PEP"), PT Pertamina Hulu Energi ("PHE"), PT Pertamina Exploration and Production Cepu ("PEPC"), PT Pertamina International Exploration and Production ("PIEP"), PT Pertamina Hulu Indonesia ("PHI"), PT Pertamina Exploration and Production of Cepu Alas Dara Kemuning ("PEPC ADK"), PT Pertamina Geothermal Energy ("PGE"). For exploration and production activities, Pertamina has subsidiaries in drilling services: PT Pertamina Drilling Services Indonesia ("PDSI") and PT Elnusa Tbk ("ELNUSA").

A. PEP

PEP divides work areas based on 5 Assets, as follows:

- Asset 1 consists of Rantau, Pangkalan Susu, Lirik, Jambi, dan Ramba;
- Asset 2 consists of Pendopo, Limau, Prabumulih dan Adera;
- Asset 3 consists of Tambun, Subang, Jatibarang;
- Asset 4 consists of Poleng, Cepu Matindok dan Papua; dan
- Asset 5 consists of Tanjung, Sangasanga, Sangatta, Bunyu, and Tarakan

This division enables PEP to distribute the management loads uniformly to facilitate effective control and coordination of the implementation of operational standards. PEP operations in 2017 made a contribution to Pertamina's oil and gas production of 77.15 thousand BOPD and 1,018.32 MMSCFD.

B. PHE

PHE serves and acts as Pertamina's strategic operating arm in cooperation with third parties at home and abroad under JOB-PSC (Joint Operating Body-Production Sharing Contract) scheme, JOA-PSC (Joint Operating Agreement-Production Sharing Contract) Production Sharing Contract-Coal Bed Methane (PSC-CBM), PI/PPI (Participating Interest/Pertamina Participating Interest) and Partnerships. Currently, PHE manages the portfolio and/or operations of 52 subsidiaries (AP) consisting of 50 domestic subsidiaries and 2 overseas subsidiaries managing 52 Work Areas covering 18 Operators, 16 Pertamina Participating Interest (PPI), 14 Production Sharing Contract-Coal Bed Methane (PSC-CBM), 2 Production Sharing Contracts-Non-Conventional Oil and Gas (PSC-MNK) and 2 Territories abroad (SK-305 Malaysia & Block Vietnam). PHE operations in 2017 made a contribution to Pertamina's oil and gas production of 69.30 thousand BOPD and 723.52 MMSCFD.

C. PEPC

PEPC undertakes exploration, exploitation and production of oil and gas to develop the Cepu Block with 45% ownership of PI. Cepu Block has oil and gas working areas located in three districts of Bojonegoro and Tuban in East Java and Blora in Central Java Province. PEPC is an active partner in Cepu Block with Mobil Cepu Ltd. (MCL), Ampolex Pte Ltd. (both subsidiaries of ExxonMobil Corp.) and Regional Owned Enterprises (BUMD) to accelerate oil and gas production through the optimization of Central Processing Facilities (CPF), while increasing production through the application of the latest technology. Now PEPC has been appointed as Field Operator of Jambaran Unitization and Tiung Biru through the Contractor agreement of the Working Area Cooperation Contract (KKKS WK) Block of PT Pertamina EP (PEP) and KKKS WK Block Cepu. PEPC operations in 2017 made a contribution to Pertamina's oil and gas production of 91.58 thousand BOPD and 18.31 MMSCFD (non sales).

D. PIEP

PIEP was established so as to manage the oil and gas blocks of Pertamina abroad. PIEP currently has three operating areas in Africa consisting of Algeria assets (PAEP) and PIEP assets in M&P in Tanzania and Gabon, in Asia consisting of Malaysian assets (PMEP) in both Sabah and Sarawak, and East Central of Iraq assets (PIREP) with 10% PI rights in West Qurna-1 field. PIEP operations in 2017 made a contribution to Pertamina's oil and gas production of 103.66 thousand BOPD and 275.23 MMSCFD.

E. PHI

PHI is established as an operation holding company so as to control, manage assets, manage upstream business operations of Pertamina within the country of the terminated Working Areas/oil, and gas blocks granted by the Government to Pertamina, except for terminated work areas previously managed by Pertamina affiliates. PHI is currently the parent of PT Pertamina Hulu Mahakam ("PHM"). In 2017, PHM has completed drilling 14 wells with a greater degree of efficiency in cost.

F. PEPC ADK

Alas Dara & Kemuning Block (ADK) managed by PEPC ADK is an oil and gas exploration working area covering the Blora Regency, Central Java Province. ADK Field has an area of 12.57 km² (Alas Dara) and 12.39 km² (Kemuning) covering 3 districts including Jiken Sub-district (5 villages), Sambong Sub-district (3 villages), and Jepon Sub-district (2 villages).

G. PGE

PGE manages 14 geothermal working areas, 5 of which are already in production. By 2017, PGE completed 1 project: Ulubelu Unit 4 with an installed capacity of 55 MW and Karaha with an installed capacity of 30 MW. The total installed capacity of PGE owned operations up until 2017 is 617 MW consisting of the Kamojang Area 235 MW, Lahendong Area 120 MW, Ulubelu Area 220 MW, Sibayak Area 12 MW and Karaha Area 30 MW. PGE continues to undertake geothermal exploration and development activities in all managed areas, which are Seulawah, Sungai Penuh, Hululais, Lumut Balai, Karaha Bodas and Lawu Mountain.

In geothermal, PGE has contributed approximately 36% of the total Geothermal Working Area throughout Indonesia that already produces 1,712 MW. Currently, 7 projects are being executed simultaneously:

- Penuh River (upstream project 1x55 MW)
- Hululais (upstream project 2x55 MW)
- Lumut Balai Unit 1 and 2 (total project 2x55 MW)
- Lumut Balai Unit 3 and 4 (total project 2x55 MW).

H. PDSI

PDSI is engaged in oil, gas and geothermal drilling services. PDSI also offers integrated drilling services. In its operation, PDSI has proven its professionalism by fulfilling the international standards established by ISO 9001: 2008, OHSAS 18001: 2007 and ISRS7. The product and services offered are 43 rig units (including 1 rig unit for training) and non-rig services.

I. ELNUSA

Elnusa engages in oil and gas services including integrated upstream oil and gas services, upstream oil and gas services and downstream oil and gas services. Elnusa offers oil and gas services with a global alliance strategy for world-class oil and gas companies and complies with all prevailing environmental and safety standards.

OPERATION AREA MAP

WORKING AREA OF UPSTREAM SECTOR BY PT PERTAMINA EP (PEP)



DESCRIPTION



SUMATERA

- 1 Rantau
- 2 Pangkalan Susu
- 3 Lirik
- 4 Jambi
- 5 Ramba
- 6 Pendopo
- 7 Adera
- 8 Limau
- 9 Prabumulih
- 10 Paku Gajah
Development Project



JAVA

- 11 Pondok Makmur
Development Project
- 12 Tambun
- 13 Subang
- 14 Jatibarang
- 15 Cepu
- 16 Poleng
- 17 Java Gas
Development Project



KALIMANTAN

- 18 Tanjung
- 19 Sangasanga
- 20 Sangatta
- 21 Bunyu
- 22 Tarakan



SULAWESI

- 23 Gas Matindok
Development Project



PAPUA

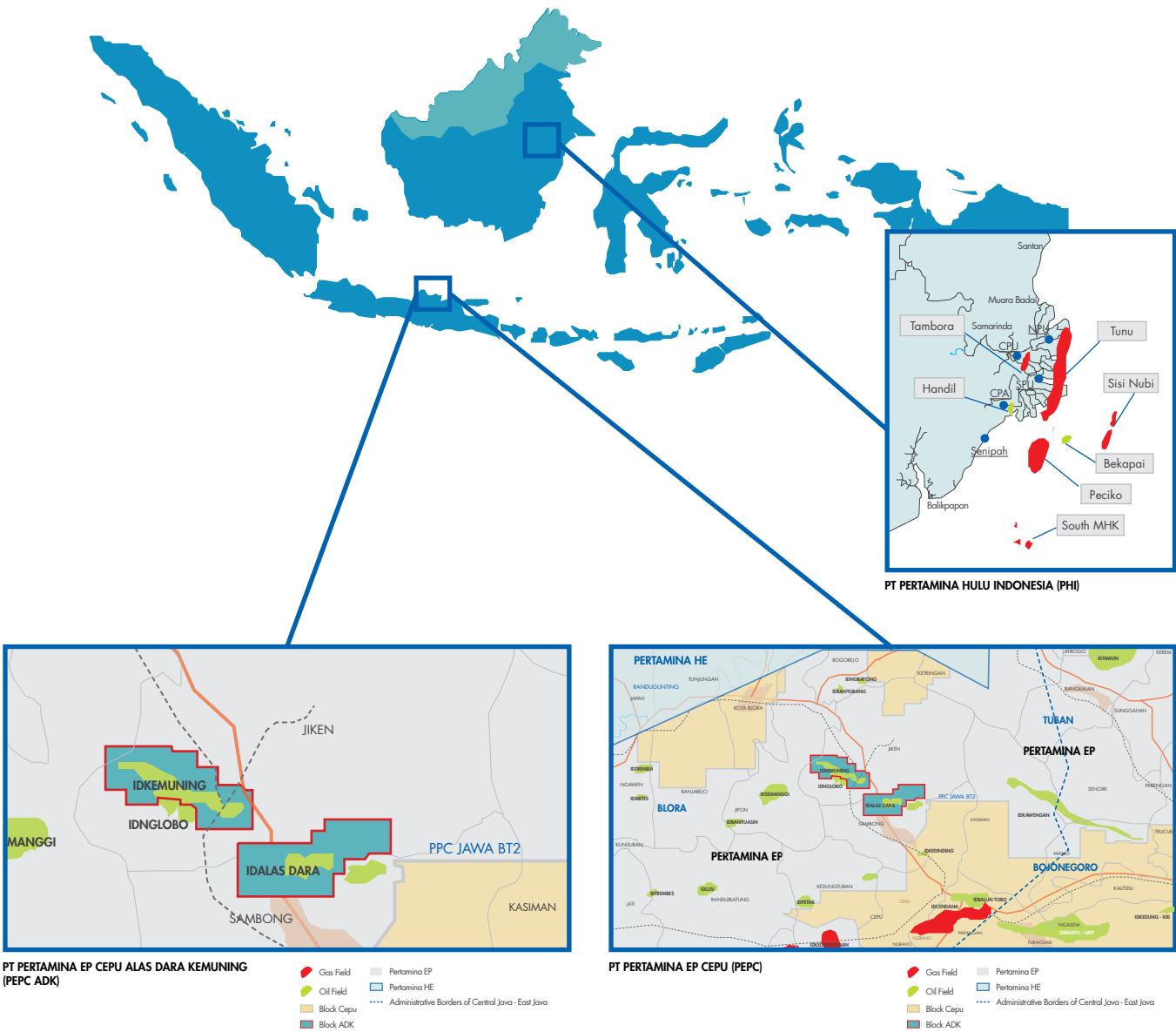
- 24 Papua

WORKING AREA OF UPSTREAM SECTOR BY PT PERTAMINA HULU ENERGI (PHE)



SUMATERA	SUMATERA	SUMATERA	KALIMANTAN	SULAWESI
1 Block West Glagah Kambuna	13 Block Ogan Komering	24 Block OSES	32 Block Tanjung IV	43 Block Karama
2 Block MNK Sumbagut	14 Block Tanjung Enim	25 Block Kampar	33 Block Tanjung II	44 Donggi Senoro LNG (Downstream Project)
3 Block Siak	15 Block Muara Enim	50 Block NSO	34 Block Sangatta I	45 Block Tomori
4 Block Rokan CPP	16 Block Muara Enim I	51 Block NSB	35 Block Sangatta II	46 Block Babar Selaru
5 Block South Jambi	17 Block A Natuna Sea		36 Block Nunukan	
6 Block Jabung	18 Block Kakap Natuna	JAVA	37 Block Ambalat	PAPUA
7 Block Jambi Merang	19 Block Air Benakat II	26 Block ONWJ	38 Block Bukit	47 Block Semai II
8 Kalyani	20 Block Muara Enim II	27 Block Tuban	39 Block Simenggaris	48 Block Salawati Basin
9 Block Corridor	21 Block Suban II	28 Block Randugunting	40 Block Tengah K	49 Block MNK Sakakemang
10 Block Raja Tempirai	49 Block MP Sei Kemang	29 Block West Madura Offshore	41 Block Makassar Strait	
11 Block Air Benakat III	22 Block Muara Enim III	30 Block Abar	42 Block East Sepinggan	
12 Block Air Benakat I	23 Block Suban I	31 Block Anggursi		

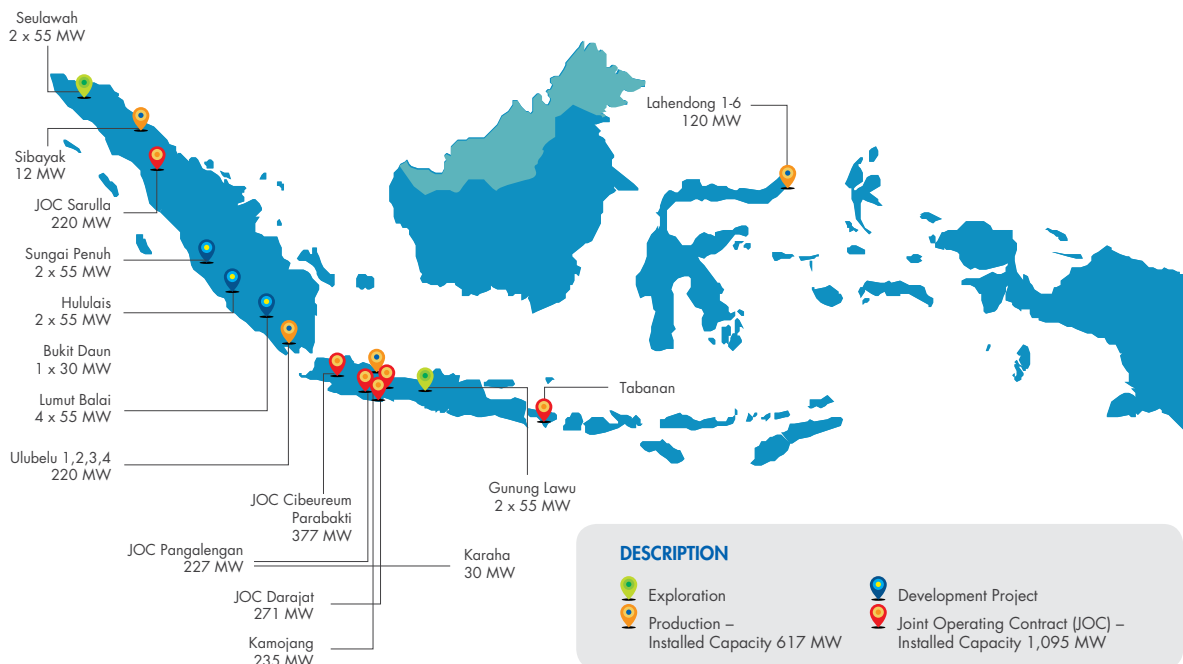
WORKING AREA OF UPSTREAM SECTOR BY PT PERTAMINA HULU INDONESIA (PHI), PT PERTAMINA EP CEPU (PEPC) AND PT PERTAMINA EP CEPU ALAS DARA KEMUNING (PEPC ADK) IN INDONESIA



WORKING AREA OF UPSTREAM SECTOR BY PT PERTAMINA (PERSERO)



WORKING AREA OF UPSTREAM SECTOR BY PT PERTAMINA GEOTHERMAL ENERGY (PGE)



INNOVATION AND DEVELOPMENT

A. Exploration Activities

In 2017, 24 exploration drilling wells consisting of PEP 11 wells, PHE 8 wells, PEPC-ADK 1 well and PGE 4 wells.

In 2017, 2D Seismic accomplishment of 4,997 km consisting of PEP 1,047 km and PHE 3,950 km and 3D Seismic accomplishment of 874 km² consisting of PEP 554 km² and PHE 320 km².

2C Resources accomplishment until 2017 reached as much as 313.23 MMBO oil, 1,631.97 BSCF gas, oil and 594.90 MMBOE gas with the following details:

- PEP: 37.40 MMBO oil, 157.07 BSCF gas, 64.51 MMBOE oil,
- PHE: 264,75 MMBO oil, 1,462.69 BSCF gas, 517,21 MMBOE oil and gas
- PEPC: 0 MMBO oil, 5.45 BSCF gas, 0.94 MMBOE oil and gas
- PEPC ADK: 0.32 MMBO oil, 4.24 BSCF gas, 1.05 MMBOE oil and gas.
- PIEP: 10.76 MMBO oil, 2.52 BSCF gas, oil 11.19 MMBOE.

In April 2017, exploration at the Parang-1 Nunukan well by Pertamina Hulu Energi Nunukan Company ("PHENC") and its partners succeeded in discovering a new oil and gas reserve in the Tarakan Basin consisting of 221 million barrels oil equivalent (MMBOE). This discovery ranks as the largest oil and gas find throughout the Asia Pacific from January to Q3/2017 and is ranked in the sixth position of the Top 10 Global Discoveries in 2017 (IHS Markit Publication 2017). The Parang-1 exploration well is located off the northeastern coast of Bunyu Island, North Borneo.

The discovery of the new oil and gas reserves at Parang-1 wells originated from the Tarakan Basin G&G Regional Study (North Kalimantan), which is one of the most mature oil and gas producing basins in western Indonesia. The study, conducted by the joint team from the Fungsi Eksplorasi Direktorat Hulu, Upstream Technology Center (UTC), PHE, PHENC, and PEP found some new exploration concepts in the Tarakan Basin including stratigraphic traps, combination traps (stratigraphy and structural), as well as structural turbidite traps.

In addition to providing high hopes for increased oil and gas production over the next 5 years, drilling of Parang-1 wells will generate great excitement and exploration appeal in the surrounding areas, especially

in the border areas of Indonesia with neighboring countries. If the Nunukan Block goes onstream, then Pertamina has proven its capability in managing and developing offshore oil fields from the exploration phase to production. The success will also be an attestation of Pertamina's commitment to uphold the sustainability of national oil and gas production by continuing to explore when other oil and gas companies in Indonesia are still delaying their exploration activities.

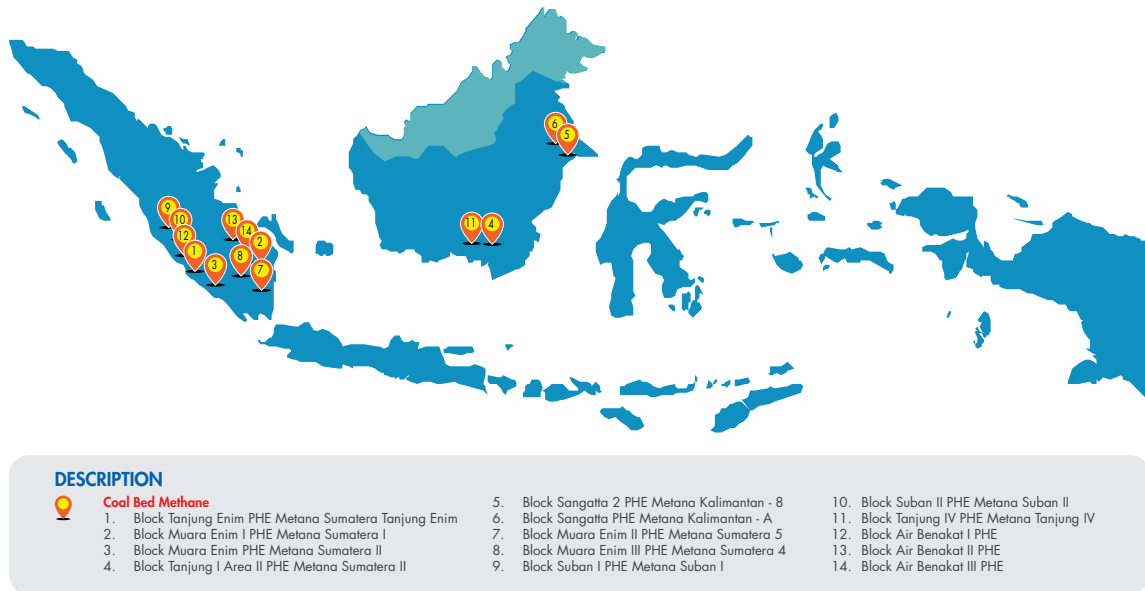
Through until now, Pertamina exploration is still at a tertiary layer. But studies to find the presence of hydrocarbons in the older pre-tertiary layers have been done and are being followed up with field studies in Bengkulu, Palembang, and Bangka Belitung to see rock outcrops and tectonic evolution processes to determine the presence of pre tertiary hydrocarbon indications. The UTC conducted this field study through the involvement of exploration teams coming from each of Pertamina's upstream subsidiaries (APH). Another study for another tertiary pre-target is a study in the Salawati area involving PEP, PHE, UTC and Eksplorasi Hulu (Upstream Exploration).

B. Non-Conventional Oil and Gas Activities

Pertamina has undertaken the development of Non-Conventional Oil and Gas (MNK) including Coal Bed Methane (CBM) and Shale Gas in response to global trends that are starting to consider the presence of non-conventional gas. In addition, this will support the government's effort to diversify the sources of energy so as to reduce our dependence on fossil fuels.

Pertamina through PHE has 14 CBM working areas, including Muara Enim 1, Muara Enim 3, Air Benakat 1, Air Benakat 2, Air Benakat 3, Suban 1, Suban 2, Tanjung Enim 2, Tanjung Enim 4, Metana Kalimantan A, Metana Kalimantan B, Sumatra Tanjung Enim, Sumatra Tanjung 2, and Sumatra Tanjung 5. Of all CBM's work areas, of which 9 of them are operated directly by PHE and the remaining 5 collaborate with alternative companies.

PERTAMINA COAL BED METHANE (CBM) DEVELOPMENT



Pertamina Coal Bed Methane (CBM) Development
(Source: www.pertamina.com)

Although still exploratory, several working areas (WK) including Muara Enim 1 and 2 have proven the presence of CBM gas. The challenge is that the resulting gas is not large enough and is not economical to be further developed at this time. Another challenge, with the vast Indonesian territory, some of the gas discoveries are in areas where there are no consumers and so there is an absence of gas infrastructure.

C. Field Development Optimization

Although the world oil price continues to fluctuate, Pertamina must maintain and continue the upstream development project in order to operate on a predetermined schedule. Acceleration in the completion of priority projects continues. In addition to cost efficiency, projects that have begun production will boost performance and provide additional revenue for Pertamina, also increasing state revenues, and strengthening national energy security. In 2017, there were 16 active projects for the upstream sector being managed by subsidiaries in the development phase including:

Upstream Projects	Upstream Subsidiaries
PPGM/Matindok	PEP
Paku Gajah <i>phase</i> 1	PEP
EOR Jirak	PEP
Cikarang – Tegal Pacing	PEP
Lumut Balai (LMB) 1&2	PGE
Lahendong (LHD) 5&6	PGE
Karaha	PGE
Hululais	PGE
Sungai Penuh	PGE

Upstream Projects	Upstream Subsidiaries
JTB Gas Development	PEPC
Kedung Keris Development	PEPC
SP Blok ONWJ Fields	PHE
WMO KE-6/12,7,24,29,44,48	PHE
Simenggaris	PHE
E-Main Fields	PHE

Field structure development program of the Jirak Field has been executed by applying waterflood and EOR. The Waterflood pilot program has been in use since 2012 through until now and has continued to the full-scale stage according to the project stage. Oil production attainment after waterflood at the Jirak Field increased on average up to 681 BOPD.

Mahakam Block

**MAHAKAM BLOCK**

Starting 1st January 2018, Pertamina officially took over the management of the Mahakam Block from the previous operator, Total E&P Indonesia, with the contract period until 31st December 2037. Through its subsidiary, PHI, Pertamina is committed to maintaining oil and gas production in the block located in East Kalimantan. In maintaining oil and gas production in the Mahakam block, Pertamina has conducted 14 well drilling productions throughout 2017, which will be operational by 2018. 98% of former E&P Indonesia's total workers have agreed to join with Pertamina and continue the management of the Mahakam block.

Upstream Technology Center (UTC)

Throughout 2017, the UTC as Hulu's supporting entity has provided technical support for the Hulu Directorate and APH projects covering the study, provision of technology and GGRPFD software, providing technical reviews, exploration and production data management, research and development to obtain solutions and technological innovations as well as other technical assistance that supports oil and gas exploration and production of the Hulu Directorate's business.

By 2017, 10 out of 29 study plans (the remainder are to be resumed later due to multi-year studies) and 47 projects out of 77 project plans for 2017 (the rest are to be resumed later due to multi-year studies), including:

- Design of absorbent Hg, CO₂, As and H₂S for Geothermal exploration surveys.
- Research and Development of Micro-earthquake Methods for Geothermal Field Monitoring
- Comparison of Weight Force Data generated by Satellite against Weight Force Data from Airborne Survey
- Reservoir POD Phase-6 Field Simulation Sukowati
- Development of Surface Facility Module Data in MDT applications
- Evaluation of GNSS of Geodetic Post Processing Kinematic Type (PPK) Use on UAV Photogrammetry

UTC has held several forums and workshops so as to improve the technical competence and knowledge sharing for the Hulu Directorate employees as following:

- Workshop on Geohazard STK Preparation to improve understanding of Geohazards of the upstream oil and gas sector and geothermal encompassing their causes, risks and mitigation aspects of Geohazards in all planning and operational activities, as well as considering the Geohazard aspects at each stage of project implementation pursuant to PUDW.

- Upstream Technology Sharing Forum (FSTH) as a medium for sharing innovation and utilization of upstream technology in order to support the achievement of the oil and gas production target of 2,045 MBOEPD by 2025. This was organized in order for Pertamina to be well prepared and possess the ability to manage national upstream strategic assets (national acquisition, terminated blocks, government assignments), with a team who has the required professional expertise from the Technology Excellence Center, and effective technological application tools.

Operational Performance and Excellence 2017**A. Petroleum Production**

In 2017, crude oil production reached 341.70 MBOPD, up 9.7% as compared to 2016 at 311.56 MBOPD. The increase in production is mainly from a contribution from PEPC with the commissioning of the Full Field CPF (Central Processing Facilities).

B. Natural Gas Production

Natural gas production in 2017 reached 2,035.37 MMSCFD, up 3.8% as compared to 2016 production of 1,960.93 MMSCFD. The increase in production was mainly resulting from the operation of the Java Gas Development Project, Matindok Gas Development Project (from Donggi field) and the additional production from an M&P Asset in Africa.

C. Geothermal Production

In 2017, geothermal electrical power equivalent production reached 3,900.23 Giga Watt hours (GWh), up 28.2% as compared to 2016 with production at 3,042.83 GWh. The increase in production was due to the commissioning of PLTP Ulubelu Unit 4 and PLTP Karaha Unit 1 and Lahendong Geothermal Unit 6, which became fully operational in 2017.

The achievement of the upstream sectors operating performance throughout 2017 is presented in the following table:

Table: Target Versus Accomplishment of the Upstream Sector Operation Performance in 2017 Comparison and 2014-2016 Accomplishments

Description	Unit	(%)		Target 2017	Realization				
					2017	2016	2015	2014	
		B/A	(B-C)/C	A	B	C	D	E	
Oil	Discoveries of Oil and Condensate Reserves	MMBO	118.8	213.5	263.56	313.23	99.91	94.17	129.39
	Crude Oil Production	MMBO	102.4	9.4	121.85	124.72	114.03	101.60	98.60
Natural Gas,	Discoveries of Natural Gas Reserves	BSCF	113.0	65.4	1,444.76	1,631.97	986.45	876.84	973.18
	Natural Gas Production	BSCF	97.8	3.5	759.26	742.91	717.70	694.33	588.7
Geothermal, Steam Production Equivalent to Electricity	Pertamina Owned Operations	GWh	96.9	28.2	4,026.17	3,900.23	3,042.83	3,056.82	2,831.4
	Joint Operating Agreement (JOA)	GWh	96.4	12.6	8,093.49	7,803.58	6,932.51	6,268.68	6,941.59
	Total Steam Production Equivalent to Electricity	GWh	96.6	17.3	12,119.67	11,703.81	9,975.34	9,325.50	9,772.99

Pertamina continually strives to improve operational excellence through:

- Increasing exploration discovery through the application of Pertamina Exploration Way (PEW),
- Optimizing the management of upstream development projects through the application of Pertamina Upstream Development Way (PUDW),
- Improving upstream operational performance through the application of Pertamina Upstream Production Way (PUPW),
- Improving the reliability of PDSI rigs through the application of Pertamina Drilling Way (PDW),
- Improving the efficiency and prioritizing upstream work programs across APH.

GAS AND NEW AND RENEWABLE ENERGY SECTORS

The gas sector is an increasingly important business sector, as gas will become an increasingly important alternative source of energy in the future as reflected in the national energy mix scheme. The use of gas to fuel power plants and industries will continue to increase in parallel with growth in both the property and industry sectors, particularly in Java. In the electricity sector, the 35,000 MW power generation program requires an enormous supply of gas in addition to coal, geothermal, and other energy sources.

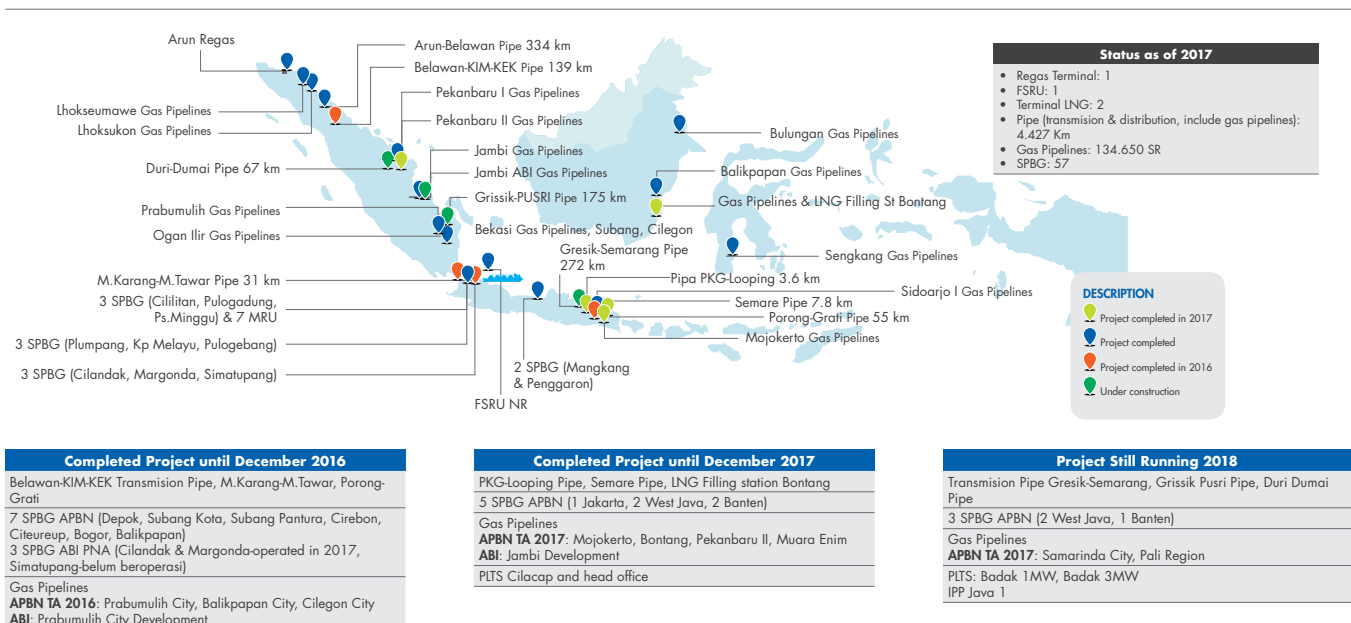
With the prospect of an increasingly growing gas business, Pertamina must increase its capability throughout the integrated gas business chain in order for Pertamina's role in the gas sector in the country to be even stronger. As an energy company that controls gas resources, and will continue to develop the liquefied natural gas (LNG) infrastructure, Pertamina acts as a national gas aggregator that can reach both the domestic and foreign supply sources and distribute to many destinations across Indonesia.

Based on Indonesia's Gas Balance 2016-2035 the Ministry of Energy and Mineral Resources, in taking into account all the potential of Indonesia's natural gas supply, has stated that contracted demand and committed demand on gas can be fulfilled until 2021, so that the import option can begin in 2022. However, if the planned potential demand of both electricity generation and industry start in 2019, then the import option can start in

2019. In securing the national gas supply in order to fulfill Indonesia's gas requirements, Pertamina has explored long-term LNG trading agreements with several domestic and global suppliers of LNG including ENI, Chevron, Cheniere Corpus Christi, Total, Woodside Energy Trading and Exxon Mobil as well as some other potential suppliers of LNG.

Regarding New and Renewable energy (EBT), Pertamina remains committed to increasing the renewable energy portion pursuant to the national EBT target of 23% as stated in the National Energy Mix in the 2025 Plan. The commitment towards renewable Energy development is included as one of Pertamina's "8 World Class Priorities" targets. High priority for New and Renewable Energy (high economy attractiveness & technological maturity) that has been executed by Pertamina is the Solar PV power plant producing 1.2 Mega Watts (MW) and is currently installed at the Pertamina headquarters and Cilacap refinery area. The utilization of Solar PV will continue to be extended to other Pertamina facilities, units and subsidiaries throughout Indonesia.

WORKING AREA AND GAS INFRASTRUCTURE



Business Activities

Pertamina's business in the Gas and New and Renewable Energy (Gas and EBT) sectors are managed by the Directorate of Gas. The main role of the Directorate of Gas is to provide bearings, policies and strategies across the business chains of gas, electricity (gas-based and EBT) and infrastructure, integrate and coordinate the business activities of its subsidiaries, and to approve and supervise the realization of investment projects executed by its subsidiaries. Based on the appointment/assignment from the Government cq Ministry of ESDM, Pertamina also manages the liquefied natural gas (LNG) business, liquefied petroleum gas (LPG) and distribution/sales of Compressed Natural Gas (CNG) for transportation.

In the Indonesian LNG business segment, Pertamina plays a role in two aspects of the business:

1. Pertamina is one of the downstream LNG business owners with a 60% share ownership through PT Nusantara Regas on the West Java Floating Storage and Regasification Unit (FSRU) in Jakarta Bay (40% owned by PGN), as the owner of Arun Regasification & LNG Terminal through Perta Arun Gas which is a subsidiary of PT Pertamina Gas (Pertagas), and runs the LNG trading business in the international market and retail LNG in the domestic market.
2. Pertamina is the LNG seller for existing contracts from the Badak refinery - Bontang, including contract renewal for Japanese buyers. Pertamina also holds the authority granted by the Government to sell the Government's portion of LNG to Tohoku Electric, Japan from the Tangguh LNG plant. In 1977, Pertamina instigated the LNG market and had since then operated the Arun LNG Refinery - Aceh until 2014, and as operator of Badak - Bontang refinery. Indonesia's largest LNG export markets are Japan, Korea and Taiwan.

In the CNG transportation and City Gas business segment, Pertamina is building and revitalizing the CNG infrastructure in order to support the fuel diversification to a BBG program and therefore lessen fuel subsidies based on the Government's assignment to Pertamina as the operator of CNG fuel supply and distribution. In addition to the assignment from the Government, by the end of 2017 Pertamina had also completed the construction of 11 gas filling stations (SPBG) funded through Pertamina's own budget.

In the City Gas business segment, Pertamina has been assigned by the Government to manage the gas distribution network for household use, known as City Gas, built by the Government cq Directorate General of Oil and Gas (DG Migas) in 19 of the fastest developing cities across Sumatera, Java, Kalimantan and Sulawesi. Pertagas Niaga, a subsidiary, which is licensed to manage the gas business, operates the City Gas business.

Gas Infrastructure

Pertamina continues to build gas infrastructure including building transmission and distribution pipelines in Java and Sumatera as well as LNG receiving stations and regasification facilities. Currently, Pertamina owns and operates gas transmission and distribution pipelines in North and South Sumatra, West Java, East Java and East Kalimantan, regasification facilities in Sumatra and West Java, CNG (transportation and industrial) facilities and retail LNG facilities.

No.	Infrastructure	Spesification
1	Bontang LNG Plant	<ul style="list-style-type: none"> • Capacity: 22.5 MTPA (design), 8 train • Start production: 1977 • Operator: PT Badak NGL
2	Donggi Senoro LNG Plant	<ul style="list-style-type: none"> • Capacity: 2 MTPA • Start production: August 2015 • Operator: PT Donggi Senoro LNG
3	Arun LNG Receiving and Regasification Plant	<ul style="list-style-type: none"> • Capacity: 3 MTPA (design) • Start production: March 2015 • Operator: PT Perta Arun Gas
4	Kilang CNG Tambak Lorok	<ul style="list-style-type: none"> • Capacity: 17 BBTUD (design) • Start production: May 2014 • Operator: PT Perta Daya Gas
5	Kilang LPG Samtan	<ul style="list-style-type: none"> • Capacity: 710 MTon/d LPG + 2200bbl/d Condensat (design) • Start production: May 2014 • Operator: PT Perta Samtan Gas
6	FSRU West Java	<ul style="list-style-type: none"> • Capacity: 3 MTPA (design) • Start production: May 2012 • Operator: PT Nusantara Regas
7	Transmission and Distribution Pipe Network	<ul style="list-style-type: none"> • Long Pipe: 2,387 km • Area: Aceh, Sumatera Utara, Sumatera Selatan, West Java, Banten, East Java, East Kalimantan, Jakarta • Operator: PT Pertamina Gas, PT Pertagas Niaga, Nusantara Regas

No.	Infrastructure	Spesification
8	City Gas Pipelines	<ul style="list-style-type: none"> • Total Household Connection: 134,650 • Area: Riau, Aceh, South Sumatera, Jambi, Banten, South Sumatera, East Kalimantan, East Java • Start operation: 2010 • Operator: PT Pertamina Gas
9	SPBG	<ul style="list-style-type: none"> • Total SPBG: 57 • Capacity: 60.96 MMSCFD • Area: DKI Jakarta, West Java, South Sumatera, East Kalimantan, East Java, Central Java, Banten • Start operation: 1995 • Operator: PT Pertamina Retail
10	LNG Filling Station	<ul style="list-style-type: none"> • Total: 3 • Area: Arun dan Bontang • Start operation: 2016 • Operator: PT PAG dan PT Badak

INVESTMENT AND DEVELOPMENT

Pertamina invests in and develops businesses in the Gas and New and Renewable Gas Energy sectors so as to develop infrastructure and expand market coverage in order to boost Pertamina's revenue and profitability. Investments in the Gas and New and Renewable Energy sector include:

- Construction of gas pipelines,
- Construction of LNG Receiving & Regasification Terminals,
- Development of LNG/LPG Plants,
- CNG and City Gas Business development,
- Development of the power plant business with an Independent Power Producer (IPP) scheme,
- Development of the LNG business for commercial, mining and transportation segments, and
- Development of New and Renewable Energy businesses.

A. Construction of Gas Pipeline Networks

Pertamina through its subsidiary, PT Pertamina Gas (Pertagas), cooperates with PT PGN (Persero) Tbk in the Duri-Dumai gas pipeline project in Riau.

It is anticipated that this project will be able to fulfill demand for the conversion of petroleum to gas so as to improve the production capacity of Dumai's RU II refinery. In addition, the Duri-Dumai gas pipeline will also supply gas to meet the demand of industries and ports in Riau, boosting the regional and national economy as well as industrial competitiveness.

In addition to the Duri-Dumai project, Pertamina is building a gas transmission pipeline network in South Sumatra (South Sumatra), Central Java (Central Java) and East Java (East Java) as outlined below:

- The construction of the Gresik-Pusri (South Sumatra) open-access gas pipeline of 176 km. This 20-inch in diameter pipe will deliver gas from the ConocoPhillips Gresik Gas Plant (COPI) in Musi Banyuasin Regency to the fertilizer factory PT Pupuk Sriwidjaja (Pusri) in Palembang City. The volume of gas supplied to Pusri is projected at 30 MMSCFD for 2018 initially, and will then increase to 70 MMSCFD in 2019. The inauguration of the Gresik-Pusri gas pipeline

construction took place on 29th August 2017, at the Pusri Palembang complex.

- The construction of the Gresik-Semarang gas transmission pipeline is 267 km long. Currently, the progress of the EPC project has reached 84.3%, and is estimated to be onstream by mid 2018. The Gresik-Semarang transmission pipeline will deliver gas from the Jambim-Tiung Biru (JTB) field, East Java through a 28-inch in diameter pipe capable of carrying gas up to 500 MMSCFD. The Gresik-Semarang pipeline project is also equipped with 19 future connections capable of supplying gas to industries in seven districts in Central Java and East Java along the pipeline network.

The pipeline projects that were completed in 2017 are:

- Construction of Gresik-PT Petrokimia Gresik (PKG) looping open access pipeline segment with 12inch in diameter pipe and 3.6 km in length with maximum capacity of 100 MMSCFD looping pipes. This pipeline is built so as to meet the gas demands for the new PKG plant
- Construction of the 8 km Semare Open Access 16 inch in diameter pipeline in East Java with a maximum capacity of 100 MMSCFD

B. Development of Gas and LNG Businesses

On 13th November 2017, Pertamina and PT PLN (Persero) signed a Gas Sales and Purchase Agreement (PJBG) from the Jambaran-Tiung Biru Field (JTB) gas project in East Java. Under the agreement, Pertamina will distribute gas to PLN for 30 years from the JTB Field production unit in 2021 with a fixed gas price of USD 7.6 per MMBTU until the contract expires.

Pertamina as a holding company has entered into a gas sales and purchase agreement with Pertamina EP Cepu (PEPC) and Pertamina EP as JTB manager. With regards to gas sales to PLN, the Government has granted a revenue sharing revision incentive to PEPC from 60%:40% to 55%:45% until the contract expires in 2035.

The Directorate of Gas collaborated with PPTET to develop the LNG trading business in the international market and successfully achieved LNG sales of 86.9 million mmbtu in 2017.

C. Power Plant Business Development

In the power generation business, in 2016, Pertamina established PT Pertamina Power Indonesia (PPI) a subsidiary focusing on a Gas Power Plant (PLTG) to supply gas to PLN under the IPP (Independent Power Producer) scheme or CPP (Captive Power Plant). In 2016, the Pertamina-Marubeni Corporation-Sojitz Corporation consortium was awarded the IPP Java-1 tender, the integrated Floating Storage and Regasification Unit (FSRU) Gas Power Plant (PLTGU) project with an investment of USD 1.8 billion.

PLTGU Java-1 is the first ever gas-based power plant in Asia that integrates FSRU with PLTGU. The PLTGU will also be built in Cilamaya, West Java; with a capacity of 1,760 MW, it will be the largest gas-fired power plant in Southeast Asia.

On 31st January 2017, the tender winners and PLN have signed a Power Purchase Agreement (PPA). The IPP project of PLTGU Java-1 is an international collaboration involving 18 international and domestic partners (Indonesia, Japan, Korea, America and Europe).

D. CNG Business Development

Pertamina has CNG (Compressed Natural Gas) produced from methane (CH₄) undergoing a compression extraction process with pressure of 200 to 275 bars. The composition of methane (CH₄), which is lighter than air, which means CNG will be released into the air immediately should any leak occur and is relatively far safer than the petroleum (BBM) process. This product is trademarked as "Envogas" and is provided to meet the public demand for alternative environmentally friendly energy.

The use of CNG as fuel is cleaner and much more environmentally friendly as CNG produces fewer emissions than petroleum (1/3 less emissions). In addition, with the octane content (RON-Research Octane Number) reaching 120, CNG produces a more complete combustion that can extend engine life if well maintained. The Government sets the selling price of Envogas products for the transportation sector in Jabodetabek area at Rp3,100/liter for the premium grade petroleum equivalent (Lsp).

In implementing Presidential Decree No. 125 of 2015 on the Amendment of Presidential Regulation No. 64 of 2012 regarding the Provision, Distribution, and Fuel Price Stipulation for Road Transportation, from 2016 to 2017 through the State Revenue Expenditure Budget (APBN), the Government cq Ministry of Energy and Mineral Resources assigned Pertamina to distribute 4,000 CNG converter kits to state-owned official vehicles and public vehicles (taxis & public transportation). CNG converter kits were distributed in areas where Pertamina SPBG is available including in DKI Jakarta, Depok, Subang, Bogor, Balikpapan, Cirebon, Palembang and Prabumulih. The distribution of the CNG converter kit provides added value to public transport and to campaign to the public that CNG gas is safe and environmentally friendly. The total SPBG points as of 31st December 2017 was 57 units with total capacity of 61 MMSCFD.

E. New and Renewable Energy Business Development

New and Renewable Energy (EBT) business development is generally divided into two focuses, which are EBT for power plants (EBT Power) and EBT as non-conventional vegetable fuels (EBT Fuel). EBT Power includes the use of hydro energy, biomass energy, solar energy, wind energy, and ocean energy, while the development of EBT Fuel includes green diesel, bio ethanol and bio avtur.

In 2016-2017 Pertamina erected a Solar Power Plant (PLTS) in the Refinery Unit (RU) IV Cilacap housing complex with a capacity of 1 MWp and additional PLTS at the Pertamina Head Office with a capacity of 0.2 MWp with a total capacity to generate 1,752 MWh of electricity per year and a CO₂ emissions reduction of 1,226 tons.

Furthermore, in 2017 Pertamina initiated the Engineering, Procurement, Construction and Commissioning (EPCC) phase for PLTS at PT Badak NGL with a capacity of 1 MW anticipated to commence operation in the first quarter of 2018. After conducting the feasibility studies, the implementation of PLTS will continue to be expanded to other areas within Pertamina including its subsidiaries, joint ventures (JVs) and affiliates starting in 2018.

For biofuel development, Pertamina is conducting a bioethanol development joint study with PT Rajawali Nusantara Indonesia (Persero) and Toyota Motor Corporation. The demonstration trial project undertaken is through the plantation of elephant grass in spanning an area of 7 Ha and a project feasibility study.

For the development of Bioavtur and Greendiesel, Pertamina is in communication with other stakeholders regarding the project's economic viability in order to carry out the biofuels-mixing mandate with the current volatility in the price of crude oil.

Given the current technological developments, in cooperation with various parties including research institutes and private companies, Pertamina has also started initial assessment for the potential of batteries as potential energy storage.

46.8 thousand BBTU or 75.8% of the target and sales of LNG NR achieved 77.0 million MMBTU or 87.0% of the target.

To comply with Government Regulation No. 70 of 2009 regarding Energy Conservation and the Decree of the Minister of Energy and Mineral Resources of the Republic of Indonesia No. 14 of 2012 regarding Energy Management, through an integrated energy management program throughout AP/JV, the Directorate of Gas has successfully implemented energy performance management using the model of Plan-Do-Check-Action (PDCA) cycle for continuous improvement in energy use, evaluation and priority use of energy-saving technologies and driving efficiency across the entire supply chain.

With respect to that effort, there has been a reduction in energy intensity of 1.28 million MWh and a Co₂ emission reduction of 150,000 tons, which is the accomplishment of several innovative programs and superior technology in maximizing the implementation of energy efficiency. Moreover, the Directorate of Gas has submitted the achievements to the Directorate General of New & Renewable Energy and Energy Conservation.

2017 PERFORMANCE

The sales performance of the Directorate of Gas derived from the contribution of Pertamina's subsidiary performances including PT Pertagas and PT Nusantara Regas (NR). In 2017, the performance of LNG and LPG Corporate Sales, Niaga Gas, and NR LNG sales posted positive results above the targets. The LNG Gas Directorate's sales achieved 633.5 million MMBTU or 146.8% of the target. LPG sales achieved 243.8 thousand MTon or 308.9% of the target. Meanwhile Niaga Gas succeeded in achieving

Table: 2017 Actual Gas Sales versus 2017 Target, and 2014-2016 Actual Sales Volume Comparison

Description	Target 2017	Actual 2017	Actual 2016	Actual 2015	Actual 2014
Gas Sales Volume (BBTU)	633,883	823,769	708,684	705,729	701,724

Table of 2017 Gas Sales Actual net profit versus the 2017 target and Actual Gas Sales Net Profit Comparison of the 2014-2016 Period (in Million USD)

Entities	Company's Budget Plan 2017	2017	2016	2015	2014
Corporate Gas	7.78	-4.44	-254.21	-6.18	53.6
Pertagas	125.7	141.33	159.37	150.97	176.8
Nusantara Regas	23.8	29.36	33.27	45.36	77.5
PPI	1.71	-2	0	0	0
PBAS*	27.46	0*	0	0	0
Total Net Profit	186.45	164.25	-61.57	190.15	307.9

Note *: PBAS's net profit in 2017 has not been consolidated to the Directorate of Gas because it has not obtained approval from Pertamina's Board of Commissioners as required in the Pertamina Statutes in respect to the Subsidiary restructuring.

REFINERY SECTOR

Pertamina's operations in the refinery sector are supported by six refineries, including the Refinery Unit (RU) II Dumai, RU III Plaju, RU IV Cilacap, RU V Balikpapan, RU VI Balongan, and RU VII Kasim with total installed refinery capacity of 1,031 MBOPD, or approximately 90% of the existing refinery capacity in Indonesia.

The operations of these refineries are as follows:

1. Operation of Petroleum Refinery, consisting of the Refinery RU II to RU VII, which produces Fuel Oil and non-Fuel Oil and other products.
2. Petrochemical Refinery Operation, consisting of the Paraxylene Refinery at RU IV Cilacap producing Paraxylene and Benzene and other products, the Polypropylene Refinery in RU III Plaju producing Polytam (Polypropylene Pertamina) and Olefien Conversion Unit in Balongan RU VI producing Propylene.
3. Operation of the Lube Base Refinery in RU IV Cilacap producing Lube Base HVI-60, HVI-95, HVI-160, HVI650, Paraffinic, Slack Wax, Minarex and Asphalt.

WORKING AREA OF REFINERY UNIT



As a national oil and gas company, Pertamina is obliged to secure the supply and fulfill the demand for domestic fuel. Strategic efforts in the Refinery sector include optimizing the Residual Fluid Catalytic Cracking (RFCC) units in RU IV Cilacap and optimizing the Residue Catalytic Cracking (RCC) units in RU VI Balongan, and operating the Tuban Trans Pacific Petrochemical Indotama (TPPI) plant. Another effort in seeking to improve performance is by revamping and upgrading the existing RU and continuously seeking new oil refineries in line with the plans of the Directorate of Refinery and Petrochemical Mega Projects (MP3).

To achieve world class refinery status, in 2017 Pertamina launched a strategic work plan called the Sustainability of Refinery Operation Excellence (SROE) program that focuses on five aspects: HSSE, Reliability, Efficiency, Optimization and Organization and Human Resource Development. This work program becomes a reference for all RU in carrying out its business process.

INNOVATION AND PERFORMANCE OPTIMIZATION

Pertamina undertakes a variety of process innovations and refinery performance optimization in a sustainable manner in order to improve the quality of fuel products produced refer to emission standards Directorate General of Oil and Gas. The undertakings are as follows:

A. Banyu Urip Crude Refinery Maximization

By increasing the allocation of Crude Banyu Urip from 185 MBCD in 2016 up to 200 MBCD is one of the real evidences of maximizing the refinery capacity at the Pertamina refinery as well as a significant effort in raising margins. However, there are challenges in processing the Banyu Urip crude as its high sulfur content affects product quality and has a corrosive effect on the refinery equipment. Numerous Banyu Urip crude refining efforts have been carried out to generate products according to the standards and have periodically successfully increased the production from 3,800 MB per month in 2016 to an average of 4,885 MB per month in 2017. With the Banyu Urip crude maximization, it has increased the domestic crude processing composition and lowered the purchase of imported crude, helping to raise margins.

B. Diesel Fuel Sulfur Content Parameters Quality Upgrading

Attempts to improve the refined petroleum product quality remains to be carried out in accordance with the quality standards. In 2017, Pertamina succeeded in reducing sulfur content in diesel fuel from previously 3,000 ppmwt to 2,500 ppmwt in accordance with quality standards issued by the Directorate General of Oil and Gas.

C. Bottom Product Between Refinery Optimization

Bottom product from CDU/HVU is an unfinished heavy fraction that has a low selling value. Due to the difference in refinery configurations, the processing of these products is also dissimilar depending on the refineries. To minimize product dissimilarities, optimization is performed by product re-processing yielding a higher valued product. By performing this optimization, the yield value was raised from 77.67% in 2016 to 78.13% in 2017.

INVESTMENT AND DEVELOPMENT

Investment and Development projects in the refinery sector that are still in the planning stages or are commencing in 2017 are as follows:

1. JV Calciner (Dumai)

The calciner and bending coke development project in Dumai through a strategic partnership to process 300 kTA Green Petroleum Coke (GPC) in Dumai with an additional 100 kTA GPC imports into an anode grade Calcined Petroleum Coke (CPC) of 300 kTA using Shaft Kiln technology. Currently the project is in the phase of re-engineering study and is targeted for groundbreaking in the third quarter - 2018.

2. Open Access RU VII Kasim

Projects aimed at increasing the flexibility of refineries in crude processing. RU VII Kasim processes Waliocrude. With open access, the RU VII refinery is able to increase its production capacity and further contribute to the fuel supply in the eastern part of Indonesia. According to the schedule, the project is to be completed by 2019.

3. Simultaneous Loading Infrastructure Development

The demand for rapid fuel filling requires the Refinery to adjust the lifting pattern by modifying the fuel-loading infrastructure so that it could supply fuel to a different class of vessel (even multi grade) simultaneously. This will curtail the length of time and transfer flows of oil more effortlessly and swiftly. Loading facilities have been gradually upgraded starting since early 2017.

2017 PERFORMANCE

In 2017, consolidated processing realization (total intake) was 0.8% lower as compared to the realization in 2016 of the same period. The total realization of the intake adjusted to downstream optimization and some constraints in operating units in that year.

Table: Actual refinery operating performance in 2017 as compared to 2017 targets and 2015-2016 realization.

Refinery Processing	Unit	Target 2017	Actual 2017	Actual 2016	Actual 2015
Processing of Crude Oil, Gas & Intermedia	Million Barrel	340.06	324.35	327.79	305.95
Fuel Production Volume * (10 Main Products)	Million Barrel	262.68	253.41	254.6	241.07
Non Petroleum Production Volume (Petrochemical, Solvent and Non-Petroleum)	Million Barrel	33.43	29.03	19.66	17.29

* 10 Main Products: Premium, Kerosene, Diesel, Diesel Oil, Fuel Oil, Avigas, Avtur, Pertamina, Pertamina Plus, Pertamina Dex, Pertamina Turbo, DexLite

In 2017, Pertamina successfully accomplished Gross Refinery Margin (GRM) of USD 8.41/barrel, slightly lower than the 2016 GRM of USD 6.80/barrel. Since 2015, GRM calculations employ Nett Refining Price (NRP) to obtain a more appropriate margin value to describe the performance of the refinery.

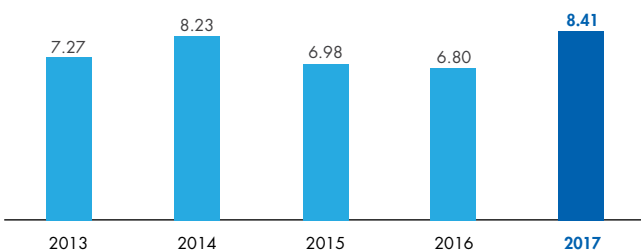
Tables & Graph: Gross Refinery Margin Processing Sector in the Last 5 Years (in USD per barrel)

GRM	2013	2014	2015	2016	2017
USD/bbl	7.27*	8.23**	6.98***	6.80***	8.41***

* Data using base calculation Price Reference (PR)

** Data using Net Selling Price (NSP) according to downstream optimization

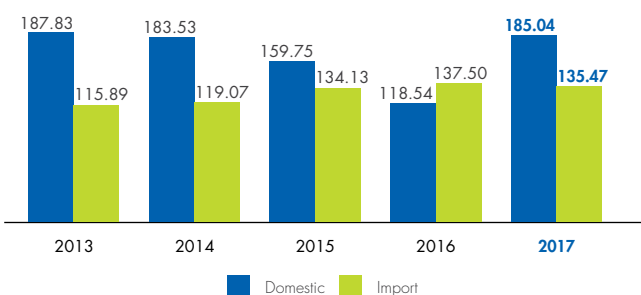
*** Data using Net Refining Price (NRP)



In 2017, Pertamina refinery processed crude oil at 320.51 million barrels, down by 0.78% from the total processing of crude oil in 2016, which amounted to 323.04 million barrels. This was due to adjustments to downstream optimization and some constraints in the operating unit.

Table & Graph: Crude Oil Processing in the Last 5 Years (in million barrels)

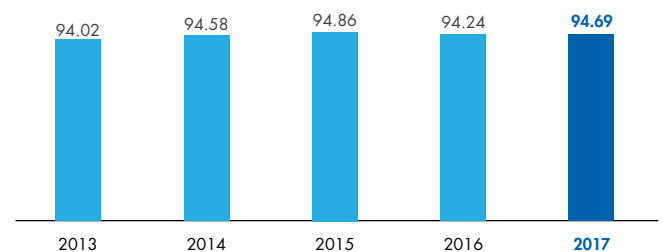
Million Bbl	2013	2014	2015	2016	2017
Domestic	187.83	183.53	159.75	118.54	185.04
Import	115.89	119.07	134.13	137.5	135.47



For total yield of refinery output (ratio of total output to total intake), achieved 94.69%, a higher achievement than 2016 at 94.30%. Data on the percentage comparison of refinery inputs and outputs in the last 5 years is presented in the following diagram.

Tables & Graph: percentage of refinery inputs and outputs (in percentage)

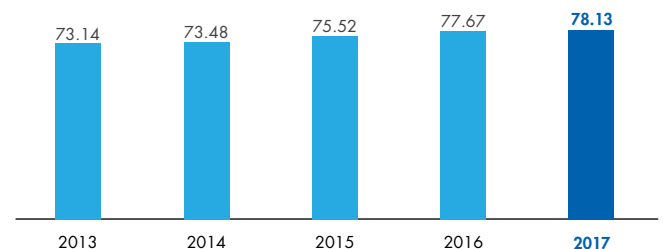
% Voi	2013	2014	2015	2016	2017
% Yield Total	94.02	94.58	94.86	94.24	94.69



Meanwhile, the product yield value for 2017 was 78.13%, higher than in 2016 of 77.67% for the same period.

Tables & Graph: percentage of refinery inputs and outputs (in percentage)

% Voi	2013	2014	2015	2016	2017
% Yield Total	73.14	73.48	75.52	77.67	78.13



REFINERY AND PETROCHEMICAL MEGA PROJECTS

Pertamina currently manages projects of massive scale in the refinery sector, which aim to increase refinery capacity while supporting business development in the Pertamina petrochemical business. In October 2016, Pertamina formed the Directorate of Refinery and Petrochemicals Mega Projects (MP3). This Directorate focuses on addressing the mega project, which consists of the revitalization program of existing refineries (project Residual Fuel Catalytic Cracking/RFCC Cilacap, Project Blue Sky Cilacap/PLBC, and Project Refinery Development Master Plan/RDMP at Balikpapan, Cilacap, Dumai and Balongan refineries and the construction of a new refinery (Grass Root Refinery/GRR).

Based on the roadmap of increasing the capacity of Pertamina's refineries, the fuel production target after the completion of RFCC, PLBC, RDMP and New GRR projects will be 1.3 million bpd by 2025. The realization of this project will mean the liberation of Indonesia from a dependence on fuel imports and also produce significant revenues and contributions to the state in the form of foreign currencies. In addition, the construction of a new oil refinery also has the potential to expand the Indonesian economy through the creation of added value in the downstream sector by integrating refineries with petrochemicals.

Existing Refinery Revitalization Program

Pertamina's numerous refineries are now ageing starting with the Plaju refinery (built in 1936) to the Balongan refinery (built in 1990). The refineries are designed to process domestic crude oils that are generally light sweet crude types with low sulfur content (about 0.2%) to produce premium, kerosene, and diesel products.

Currently, the operating economics of these refineries are declining, which is attributable to the age of the refineries that restricts the ability to operate at full capacity (low efficiency), and light crude oil prices are more expensive and less available. However, the less expensive the sour crude oil type, despite being 2% higher in sulfur content, is more readily available on the market.

To overcome various processing constraints including reduced efficiency and limited refinery flexibility, Pertamina has the full support from the government to revitalize and modernize existing refineries through Cilacap RFCC projects, Cilacap Blue Sky Project (PLBC), and the RDMP Project at the Balikpapan, Balongan and Cilacap refineries. Project profiles of the existing refinery revitalizations and project progress are as follows:

Table: Profile of revitalization project of existing refinery and project progress

Project Name	Project Profiles	Project Progress
RFCC Cilacap	<p>Strategic objectives:</p> <ul style="list-style-type: none"> Increase the production of RON 88 premium from 61 million barrels per day (bpd) to 91 million bpd in order to achieve zero imports of HOMO RON 92, Increase LPG production from a daily stream (TSD) of 440 tons up to 950 TSD, Produce Propylene 430 TPD, Increase refinery complexity from 5.4 to 6. The production levels at RFCC Cilacap will contribute an additional premium production of 730 thousand barrels per month, HOMO 200 thousand barrels per month and 31,000 tons of LPG per month. 	<ul style="list-style-type: none"> Has produced the first gasoline product (1st Drop Gasoline) and operational acceptance beginning in November 2015. Toward normalization of operations and in the 1st year of the data collection process regarding the implementation of the Post Mortem of RFCC Cilacap the first evaluation (2016). Closing Project and submission from the Directorate of MP3 to the Directorate of Refinery (2017).
The Cilacap Blue Sky Project (PLBC)	<p>Strategic objectives:</p> <p>Improvement in the quality of fuel products from Gasoline RON 88 specification to RON 92 (Pertamax equivalent) through changing the configuration of the Naphta processing Complex Unit RU IV in Cilacap.</p> <p>The project started in 2015 and is should be fully completed in 2018.</p>	<ul style="list-style-type: none"> The Engineering Detail Design (EDD) phase has been completed. Currently in the construction phase, achieving progress of 28% of completion.

Table: Profile of revitalization project of existing refinery and project progress

Project Name	Project Profiles	Project Progress
RDMP RU V Balikpapan	<p>The strategic objectives of RDMP (Balikpapan, Balongan and Cilacap):</p> <ul style="list-style-type: none"> Increase the flexibility of processing crude oil from 0.4% sulfur content to about 2%, Increase the Nelson Complexity index (NCI) index from 5.4 to 8.9, Increase operational processing capacity up to 1.4 times from the existing capacity, Increase fuel production, Improve product quality from EURO II standards to EURO IV and EURO V equivalents, Increase the profitability of the entire Pertamina refinery from USD 3.00/barrel to USD 7.90 per barrel. Maximizing the capacity of RFCC and KLBB without depending on any intermediary imports (Naphtha and Long Residue), increasing our sour crude flexibility and meeting the EURO V equivalent (Bald RDMP) specifications. 	<ul style="list-style-type: none"> Finalize the Basic Engineering Design (BED) package as a foundation for obtaining further Investment Decision - 2 for Long Lead Item requirements The physical work of land preparation including the construction of employee accommodations. Review of FEED ISBL & OSBL with the targeted completion date of December 2017. FEED package validation is required to integrate and improve the FEED package, including accommodating EURO V compliance acceleration in 2021 (phase 1) strategy.
RDMP RU VI Balongan	<p>The completion of RDMP Balikpapan in 2021, RDMP Cilacap in 2023, and RDMP Balongan in 2023, which will provide a boost the crude oil processing capacity from the current position of about 820 MBSD to around 2 thousand MBSD in 2025.</p>	<ul style="list-style-type: none"> Review the RDMP Balongan scheme from 1st to 2nd stage (full scope). Update feed definition and BFS duty spec (due to changes in domestic crude availability). Update feed definition and duty spec from the R&P Review (Refinery & Petrochemical) for better economics.
RDMP RU IV Cilacap		<ul style="list-style-type: none"> Pertamina and Saudi Aramco signed a Joint Venture Development Agreement (JVDA) for the construction of RDMP Cilacap (21st December 2016). Follow up on several Precedent Conditions, including the offtake arrangement and lease agreement. Preparation of BED/FEED production.

New Grass Root Refinery (GRR) Construction

Currently, there are two new Grass Roots Refinery development Projects, which are the GRR Bontang and GRR Tuban refineries with a total project value reaching USD 15-16 billion each. The GRR project profile and project progress are as follows:

Table: GRR project profile and project progress

Project Name	Project Profiles	Project Progress
GRR Tuban	<p>The oil refinery development project integrated with petrochemicals in Tuban, East Java with a projected capacity of 300 MBSD using Crude ESPO, Basrah and others. The project is targeted to begin operations in early 2024.</p> <p>The strategic objective is to increase fuel supply for East Java's fuel demand and petrochemical products and meeting domestic and export market demands for Petrochemical products.</p> <p>Utilizing the concept of Joint Venture (JV) cooperation, built on state-owned land managed by the Ministry of Environment and Forestry (KLHK) in Tuban, East Java.</p>	<ul style="list-style-type: none"> Pertamina has appointed Rosneft as a strategic partner through the selection process/beauty contest. Pertamina and Rosneft have conducted feasibility studies consisting of a configuration study (by Technip consultant), market study (by Nexant consultant), and AMDAL study (by local consultant). Signed a Joint Venture Agreement (JVA) on 5th October 2016. Several Precedent Conditions needed to be followed up including the Sales Purchase Agreement for upstream and off-take arrangement. BFS Completion (July 2017). BED/FEED settlement as a pre-requisite of Joint Venture Co. between Pertamina and Rosneft will be obtained after various conditions are met in 2018. Will enter the Engineering Package (BED & FEED) preparation phase.
GRR Bontang	<p>The Government through Ministerial Decree (Kepmen) ESDM no. 1002 K/12/MEM/2016 stipulates that the construction of a new oil refinery can be carried out under a cooperation scheme between the government and business entities (KPBU or PPP) altered by ESDM Regulation no.7935 K/10/MEM/2016 dated 9th December 2016, regarding Assignment to Pertamina for the Construction and Operation of the Petroleum Refinery in Bontang.</p> <p>Furthermore, the government has established a Special Appointment Scheme for Pertamina to undertake the construction and operation of the Bontang refinery with a capacity of 300 MBSD. Pertamina is allowed to collaborate with strategic partners in order to execute the project and operate the refinery.</p>	<ul style="list-style-type: none"> Decision of Bontang GRR partner selection result with changes to the business structure: <ul style="list-style-type: none"> Full funding by partners. There is no offtake guarantee from Pertamina, but leaves open the opportunities for joint marketing. Provide funding guarantees for the preparation of BED/FEED in escrow accounts. Pertamina has a 20% right to supply crude. Two potential partners responded positively to the changes in the business structure. Due diligence will be performed with two potential partners.

Other Investment and Development Projects

1. Sub-sea Pipeline Project (SPL) and Single Point Mooring (SPM) Balongan Refinery

This project aims to improve the reliability of crude oil supply to Balongan RU VI. The challenge of implementing EPC with 3 auction packages (A, B, C) is the integration of high-complexity project management. Efforts are being made so as to strengthen the technical and legal teams in the auction team, and prepare a strong PMC team.

Progress of project implementation (consisting of 4 major packages) are:

- EPCIC package has achieved 21%
- SPL package has achieved 100%
- SPL Coating Package has achieved 53%
- SPM package has achieved 25%

2. Open Access Project Phase I Dumai Refinery

This project aims to increase the flexibility of crude oil supply to refineries and increase RU II Dumai's margins by building crude oil tanks and access to receive crude oil supplies from outside the Dumai RU-II. The project was completed in July 2017 (Operational Acceptance).

MARKETING SECTOR

In the downstream sector, Pertamina markets and distributes petroleum and LPG to communities and industries including the aviation industry. In addition, Pertamina also sells petrochemical products to various industrial sectors and runs shipping businesses.

Pertamina's activity in the marketing sector is to market retail Petroleum (BBM) for the transportation sector. Pertamina distributes fuel throughout Indonesia through the network of Public Filling Stations (SPBU) and Agent of Kerosene (AMT). From the consumer side and usage, the SPBU itself is divided into allotments aimed at general consumers and fishermen while AMT is specifically for the distribution of kerosene.

Of the total number of channeling agencies there were around 6,800 outlets by the end of 2017, there are over 300 AMT channeling agencies and around 6,500 channeling institutions. The filling stations (SPBU) are normally regular gas stations; while the rest are mini gas stations, compact gas stations, modular, and so forth. Currently around 5,500 regular SPBUs have entered the selection process to obtain Pasti Pas certification, which until December 2017 more than 4,700 SPBUs have been Pasti Pas certified.

To improve the standards of service quality, Pertamina is currently developing the Pasti Prima gas station, which is located in urban areas with a lifestyle concept. Starting with the original pilot project, there were as many as 7 (seven) units of Pasti Prima gas stations operating in the Greater Jakarta area, by the end of 2017, and around 90 Pasti Prima gas stations located throughout Indonesia. On the island of Java and Bali there are as many as 80 SPBU Pasti Prima gas stations, on the island of Sumatra as many as 7 Pasti Prima gas stations, and 1 Pasti Prima gas station on the island of Sulawesi in the city of Makassar.

In addition to marketing retail fuel, Pertamina also markets fuel to the industrial and marine sectors on a large scale. Up until now, Pertamina has more than 4,000 consumers throughout Indonesia. Some of Pertamina consumers include the following PLN, TNI/POLRI, Contractor Cooperation Contract (KKKS), Mining Industry, Paper Industry, Steel Industry, and various other industries.

In Marine fuel marketing, Pertamina markets Fuel Oil with a focus on developing a network of fuel sales services at each of Indonesia's vital ports.

In marketing fuel to the industrial and marine sectors, Pertamina has various advantages. Pertamina guarantees the availability of fuel supply supported by seven domestic refineries, more than 100 fuel depots, facilities and complete land and sea transportation facilities spread throughout Indonesia. The quality and quantity of Pertamina fuel is guaranteed by an international standard.

In addition to retail, industrial and marine fuel, Pertamina has a business covering aviation fuel service demands, both A-1 jet products and aviation gasoline. Pertamina A-1 jet fuel products under the Avtur brand are sold to domestic and foreign airlines at domestic (domestic) airports. Avtur filling in the country is done through Depot Filling Aircraft (DPPU) spread across 8 Marketing Operation Regions (MOR). For refueling A-1 jet fuel at overseas airports, Pertamina cooperates with local partners through a reseller agreement.

Pertamina continues to expand its flight fueling network both at home and abroad. In 2017, Pertamina added two DPPUs at two new airports within the country. There is also the addition of an Avtur filling service abroad in China. Until end of 2017, the Pertamina aircraft-refueling network had penetrated Europe, East Asia, Southeast Asia, and the Middle East. The majority of customers served at these locations are scheduled airlines. In addition to scheduled airline customers, Pertamina also serves non-regular/ad-hoc flights including the presidential aircraft, VIP, charter flights and new aircraft delivery flights in various locations around the world.

On the commercial side, throughout 2017 Pertamina actively took part in biddings for the provision of fuel for filling in various airports in the world as well as working with local fuel suppliers through reseller agreements. For refueling infrastructure, Pertamina continues to modernize the reliability of aircraft refueling means and facilities, improve stock reliability, and integrate information systems and service operation customization.

In addition to marketing fuel, Pertamina also serves the domestic population in the fulfillment of the demand for LPG for household, commercial, and industrial fuel. Pertamina has been actively taking part in the government's campaign program to convert kerosene usage to the use of LPG by ensuring the availability of safe, economical, and environmentally friendly LPG. Pertamina has developed LPG as a fuel for the transportation segment by marketing "Vi-Gas" branded products. In addition to LPG, Pertamina supplies gas fuel using CNG (Compressed Natural Gas) branded as BBG, Musicool, and Hydrocarbon Refrigerant that is also environmentally friendly.

Pertamina has embraced this commercial principle as one of the core values of the Company, focusing on profitable opportunities. Therefore, Pertamina markets

petrochemical products as derivative products of petroleum and gas. The marketed petrochemical products include Bitumen (Asphalt), Petrochemical (Paraxylene, Benzene, Propylene & Polypropylene) and non petroleum (Sulfur, Solvent, Rubber Processing Oil, Smooth Fluid, Petroleum Coke and Agricultural Chemicals) products. In addition to marketing refinery products, Pertamina also takes part in trading activities to meet the demands of domestic and regional markets. In carrying out its activities, Pertamina operates an integrated distribution network throughout Indonesia and abroad, which is managed by the Marketing Directorate.

The market for petrochemical products is currently wide open and still growing. With Pertamina's refinery revitalization program through the Refinery Development Master Plan (RDMP) program, in the future Pertamina refineries will be able to produce Petrochemical products in large quantities in order to meet the demands of the domestic market. Currently Pertamina has begun to seize domestic market share for Paraxylene and Sulfur products, in preparation to market other Petrochemical products in large quantities.

Market Share

Based on Pertamina's Business Intelligence data, in 2017 Pertamina maintained a strong position in the domestic market with a market share of approximately 70.3% for the Industrial and Marine Fuel sectors. While in the petrochemical sector (bitumen, paraxylene, benzene, and propylene), Pertamina was able to seize 44% of the market share (September 2017).

In the Specific Fuel (BBK) Retail market, Pertamina's overall market share is more than 98%. BBK RON 92 slightly increased from 94.1% in 2016 to 97% (third quarter-2017). While BBK RON > 95 fell from 70.4% in 2016 to about 65% (quarter III-2017). For BBK RON 90, Pertamina still dominates the market share at 99% (quarter III-2017).

In the LPG market, Pertamina is still the market leader for LPG PSO beginning in 2007. In the non-PSO sector, there are emerging competitors from other non-PSO LPG Products (LPG 50 kg and LPG bulk) are targeting commercial and industrial segments and so therefore Pertamina's market share in LPG Non PSO achieves 97% (November 2017). In addition to market share, other important performance aspects to assess Pertamina's regional business position include revenue, sales volume, and profitability.

Marketing Infrastructure Development

The Breakthrough Project (BTP) Master Plan for Marketing Infrastructure Development which has been prepared for the period of 2020, 2025 and 2030 is integrated with all long-term planning in the Directorate of Marketing, Directorate of Refinery, Directorate of Gas, Directorate of Finance and Function of ISC, which covers strategic projects and Master Plan Infrastructure Development as follows:

1. Construction and development of fuel terminals in 5 locations (Region I, III, and V) targeted for completion in 2020-2021.
2. Replacement of the Cikampek-Plumpang pipeline targeted for completion in 2019-2020 and the development of CB II Lomanis Tasikmalaya and CY II Lomanis-Rewulu targeted to be completed in 2018-2019.
3. Relocation of DPPU Sultan Hasanudin in Makasar, Sultan Thaha in Jambi, Sepinggan in Balikpapan, DEO in Sorong, Supadio in Pontianak, Ahmad Yani in Semarang and Mutiara in Palu (under construction) and construction of Kertajati DPPU in Majalengka targeted to be completed in 2019.
4. Construction and Development of the LPG terminal:
 - Construction of the pressurized LPG Tank at the LPG Terminal in Region I targeted to be completed in 2019-2020.
 - Construction of the Pressurized LPG Tank at the LPG Terminal in Region III targeted for completion in 2019-2020.
 - Construction of the Pressurized LPG Tank at the LPG Terminal in Region IV targeted for completion in 2019-2020.
 - Construction of the Pressurized LPG Tank at the LPG Terminal in Region I targeted to be completed in 2019-2020.
5. Construction and Development of the LPG Terminal in Eastern Indonesia:

Based on Ministerial Decree No. 2157 K/10/ MEM/2017 On 31st May 2017, regarding Assignment to PT Pertamina (Persero) for the Construction and Operation of Oil Fuel and LPG Storage Tanks at the locations specified in Attachment I to the EMR Minister spanning 14 locations in NTB, NTT, Sulawesi South, Maluku, North Maluku and Papua. Consequently, Pertamina has gradually started the construction in Nusa Tenggara and Papua, which is aiming for 2019-2020 completion.
6. Current Projects:
 - Construction of the DPPU in Region III to serve aircraft filling at West Java International Airport (BIJB) targeted for completion in the fourth quarter of 2018.
 - Construction of a Refrigerated LPG Tank at the West Java LPG Terminal to replace the STS, targeted for completion in third quarter of 2019.
 - Construction of a Pressurized LPG Tank in Region V targeted for completion in forth quarter of 2017.
 - Construction of a Pressurized LPG Tank at the LPG Terminal Region I targeted to be completed in the first quarter of 2018.
 - Construction of a Pressurized LPG Tank at the LPG Terminal Region II targeted for completion in the first quarter of 2019.
 - Construction of the TBBM in Region IV targeted for completion in the fourth quarter of 2018.

Breakthrough Project (BTP) 2017

To achieve the 2017 marketing target, at the beginning of the year, the Directorate of Marketing prepared 3 BTPs to be the drivers in achieving the 2017 targets. The three BTPs are BTP MORe 2017, BTP Digitalization Marketing, and BTP Marketing 3.0 or Pertamina Spiritual Marketing (PSM).

1. Marketing & Operation Excellence (MORe)

After successfully achieving a value creation of USD 280.87 Million in 2015 and USD 812.79 Million in 2016, MORe continues as a breakthrough program in responding to various challenges throughout 2017. The Marketing Directorate continues to seek expansion opportunities that will enhance overall performance in achieving the Company's target. In 2017, the MORe programs were focused on synergy between the directorates within Pertamina and between Pertamina and its subsidiaries. Throughout 2017 MORe programs consisted of 4 themes; Sales Marketing Excellence, Operational Excellence, Infrastructure Acceleration, and Synergy Infrastructure. Until the end of 2017, the MORe Programs managed to record value creation of USD 165 million.

2. Marketing Digitalization

In 2017, the Digital Marketing team prepared a Marketing Digitalization roadmap. One of the digital programs in operation is the Loyalty Program together with Pertamina COCO gas station as MyPertamina application. This application is designed to facilitate customers in purchasing Pertamina products whilst augmenting Pertamina's customer loyalty.

3. Pertamina Spiritual Marketing

Pertamina Spiritual Marketing (PSM) is another approach to marketing promoting value driven marketing. This marketing concept positions consumers as a whole. This idea arises in order to anticipate changes in consumer behavior, one of which is caused by technological advances, which means that consumers are now more connected, and the birth of the millennial generation that is creative and demonstrates concern regarding Social and Environmental issues. Thus, the Marketing Directorate operates a collaborative marketing function with both the consumer/environment within the scope of business value chain with the goal of to not only pursue profit, but to also demonstrate concern for the planet and people (triple bottom line/3P) side.

Throughout 2017, the implementation of the Marketing 3.0 program covered the aspect of people through the empowerment of vocational students in developing their skills and knowledge in the field of automotive. The Marketing 3.0 program also provides a means for entrepreneurship in motorcycle service shops through the Bright Olimart Academy program, which has now been applied in 11 vocational

technical high schools (SMK) in Jakarta, Bandung, Cirebon, Cilacap, Semarang, and Gresik. In addition, Pertamina has also launched Pertamina's State Creative House (RKB Pertamina) with currently as many as 15 RKBs. RKB facilitates Small to Medium Enterprise (SME) development programs while providing facilities to market SME products. Furthermore, Pertamina has also rolled out the Pertamina One Price program, which means that the 3T (frontier, outermost, and disadvantaged) areas can now have access to energy at the same price as those in big cities. This functions as a stimulus for economic growth in the local regions. This program has now been implemented across 54 3T regions.

For the green planet aspect, Pertamina continues to improve and gear its distribution and sales network towards providing high quality and more environmentally friendly products including Dextrite and Pertamina Turbo. The Dextrite and Pertamina Turbo distribution networks currently have over 600 distribution centers and more than 1,000 outlets each. This product segment has also contributed USD 36.8 million in profits above the 2017 targets.

Shipping Business

In addition to marketing Petroleum and Non-Fuel Petroleum products, Pertamina's Marketing Sector also operates Shipping businesses by operating sea transport to distribute products including crude oil, petroleum and non-petroleum, both for serving internal and external demands. Currently, the external customers (charter out) served are: PHE West Madura Offshore (PHE WMO), Pertamina Lubricants, and Sea Swift Pte Ltd. The Shipping also manages shipping businesses including Maritime Under Water Services (UWS), docking repair businesses, vetting inspection businesses, agency and mooring masters. Shipping also has a long-term vision of entering the new ship construction consulting business.

Until the end of 2017, with the entry of two new fleets to Pertamina Shipping, MT Panderman and MT Parigi, a fleet managed by Pertamina Shipping with more than 65 vessels owned and about 200 charter vessels to transport internal and external cargo. Armada Shipping will add 6 new vessels to strengthen the domestic petroleum distribution fleet, which is currently under construction.

TABLE OF SHIPS BELONGING SHIPPING

No.	Managed Vessel	No.	Managed Vessel	No.	Managed Vessel	No.	Ships Built
1	GEBANG	23	KETALING	45	GAS ATTACKA	1	PASAMAN
2	GUNUNG KEMALA	24	KUANG	46	KAKAP	2	PAPANDAYAN
3	OSB CILACAP	25	KATOMAS	47	MEDITRAN	3	PANGRANGO
4	GUNUNG GEULIS	26	KRASAK	48	GAMKONORA	4	PENGALENGAN
5	CENDRAWASIH	27	KLAWOTONG	49	MAUHAU	5	PANJANG
6	SELE	28	KLASOGUN	50	GAS ARAR	6	PATTIMURA
7	SENGETI	29	PANDAN	51	MATINDOK		
8	SEPINGGAN	30	MANGUN JAYA	52	MERAUKE		
9	SANGA-SANGA	31	MENGGALA	53	PERTAMINA GAS I		
10	SINDANG	32	MINAS	54	KASIM		
11	SERANG JAYA	33	MELAHIN	55	SENIPAH		
12	ENDURO	34	MERBAU	56	PERTAMINA GAS II		
13	PALUH TABUAN	35	MUNDU	57	GAMSUNORA		
14	PEMATANG	36	GEDE	58	GAS AMBALAT		
15	PUNGUT	37	GALUNGGUNG	59	PAGERUNGAN		
16	PELITA	38	GAMALAMA	60	PANGKALAN BRANDAN		
17	PEGADEN	39	KAMOJANG	61	ANTEA		
18	PALUSIPAT	40	GAS ARIMBI	62	SANGGAU		
19	KARMILA	41	GAS ARJUNA	63	SANANA		
20	KURAU	42	GAS WIDURI	64	SERUI		
21	PLAJU	43	GAS WALIO	65	PANDERMAN		
22	BALONGAN	44	MUSI	66	PARIGI		

Shipping also manages about 100 Pertamina ports consisting of about 50 Special Terminals (Tersus), more than 60 Pertamina Own-Interest Terminals (TUKS), and more than 100 piers, more than 10 Single Point Mooring (SPM), about 10 locations operating as Ship to Ship (STS) transfers and around 10 Conventional Buoy Mooring (CBM).

With the delivery of Pertamina Gas I vessels in the Port of Fujairah UAE and Iran's Port of Assaluyeh, the Pertamina Gas II vessel in Iran's Port of Assaluyeh as well as several other tankers in Singapore and Malaysia demonstrate that Shipping implements operational excellence for its owned ships and terminals. This is verified by TMSA implementation (Tanker Management and Self Assessment) achieving a score of 2.5 and the achievement of the SIRE (Ship Inspection Report) from as many as 22 owned vessels. The implementation of TMSA is a requirement as a prerequisite in order to be able to dock at international ports.

For terminals, currently 2 terminal units including Bau-Bau terminal and Cilacap terminal have implemented MTMSA (Marine Terminal Management Self-Assessment). While the achievement in operational excellence for the Vetting Inspection effort as witnessed from the increase of passing/initial grading to medium risk in 2016 by 55% up to 60% in 2017.

PT Pertamina International Shipping (PT PIS)

To realize the vision of "To Become a World Class Shipping Company", in 2016 Pertamina established PT PIS, which is focused on the FOB cargo transportation business, MR boat charter out and Floating Storage Offloading (FSO) units, as well as internal cargo optimization including the fulfillment of critical demands in the Company organization, supporting Pertamina's shipping activities, managing import freight and third party trading of ISC, managing sea transportation and floating storage, leasing qualified ship management and exploring market expansion opportunities of LNG vessels. Currently PT PIS is financed through equity capital from corporations of 4 (four) MR ships and 1 (one) FSO ship which are MT Fastron, MT Sungai Gerong, MT Sambu, MT Sei Pakning and FSO Pertamina Abherka.

Pertamina Port List



DESCRIPTION
 ● TRANSFORMED S&D PORTS
 ● TRANSFORMED RU PORTS

Abbreviation	Harbour Name
AMP	Ampenan
APA	Ampana
ATT	Atapupu
BAG	Banggai
BAL	Balongan
BAU	Bau-Bau
BIA	Biak
BKL	Pulau Baai
BMA	Bima Depot
BNJ	Banjarmasin
BNO	Benoa
BPP	Balikpapan
BTG	Bitung
BTM	Batam
BUL	Bula
BVWN	Belawan
CAM	Camplong
CIC	Cilacap
DGL	Donggala

Abbreviation	Harbour Name
DOB	Dobo
DUM	Dumai
END	Ende
FAK	Fak-Fak
GOR	Gorontalo
GUS	Gunung Sitoli
JAY	Jayapura
JKT	Jakarta
JMB	Jambi
KAL	Kalabahi
KDR	Kendari
KLK	Kolaka
KNA	Kaimana
KOL	Kolonodale
KRR	Krueng Raya
KTB	Kota Baru
KTP	Ketapang
KUP	Kupang (Tenau)
LAB	Labuha

Abbreviation	Harbour Name
LAR	Larantuka
LSE	Lhokseumawe
LWK	Luwuk
MAM	Maumere
MAN	Manokwari
MAS	Masohi
MEL	Meulaboh
MER	Merauke
MKS	Makassar
MOU	Moutong
NAB	Nabire
NAM	Namlea
PAB	Pangkalan Bun
PAL	Palopo
PAR	Parigi
PJG	Panjang
PKB	Pekanbaru
PKU	Sei Siak Pekanbaru
PLB	Pangkal Balam

Abbreviation	Harbour Name
PJ	Plaju-Sei Gerong
PLP	Pulang Pisau
PMA	Pomala
PNK	Pontianak
PRE	Pare-Pare
PSB	Pulau Sambu
PSO	Paso
RAH	Raha
REO	Reo
SAB	Sabang
SAN	Sanana
SBG	Sibolga
SBY	Surabaya
SER	Serui
SIP	Selat Lampa
SMP	Sampit
SOR	Sorong
SPK	Sungai Pakning
SRD	Samarinda

Abbreviation	Harbour Name
TAH	Tahuna
TAR	Tarakan
TGR	TT Tanjung Gerem
TJP	Tanjung Pandan
TLK	TT Teluk Kabung
TMB	Tembilahan
TNT	Ternate
TOB	Tobelo
TOL	Toli-Toli
TTM	TT Manggis
TTW	TT Wayame
TU BAL	Terminal Utama Balongan
TUA	Tual
TUB	STS Tanjung Uban
TWI	Tanjung Wangi
WGP	Waingapu

Table: Performance and Shipping Fleet In The Last 3 Years

Realization of Investment	Million USD		
	2017	2016	2015
	26.8	48.4	113.3
Total Ships	Unit		
	2017	2016	2015
Owned	> 60	> 60	> 60
Charter	> 190	> 150	> 150
Cargo Transport	Million KL		
	2017	2016	2015
	116.2	112.9	96.6
Cost Per Liter	USD/KL		
	2017	2016	2015
	11.1	10.0	12.2

In Million KL

Cargo Type	2017 (Million KL)	2016 (Million KL)	2015 (Million KL)
CRUDE OIL	33.7	35.1	30.2
HOMC/ NAPHTA	4.1	3.8	3.3
WHITE OIL	51.7	49.4	39.3
BLACK OIL	1.7	2.6	2.1
NBBM*	25.1	22.0	21.7
TOTAL	116.2	112.9	96.6

* NBBM consists of Aviation, LPG, Lubricants and Asphalt. Transportation of lubricants is calculated starting from January 2017 - November 2017 due to spin off Charter Out function to PT PIS.

2017 Performance

Throughout 2017, Pertamina collaborated with other companies including other SOEs. One of these SOE collaborations is with Garuda Indonesia for the supply of Vi-Gas fuel for Garuda's aircrew vehicles and registered a sales volume of over 1,700 MT or a total revenue contribution of over USD 1 million.

In the LPG sector, Pertamina has broadened the penetration of Bright Gas to the provinces through the gas tank trade-in program, particularly for the Bright Gas brand. In addition to quality improvement through the use of holographic seals, Pertamina has also increased the availability of Bright Gas through the gas station networks, LPG PSO bases, and modern retail networks. Currently Pertamina has established cooperation with the Indomaret convenience store networks and plans to expand cooperation with other modern retail networks.

Moreover, the Bright Gas Service is further enhanced through the launch of the Home Delivery Service via 1 500 000 and applications for smart phone users. In addition, Pertamina remains committed to expanding its services to non-PSO LPG consumers with digital-based services through the Bright Home Service (BHS) strategy and other promotional programs both online and offline.

Government Assignment

One Price Fuel Policy

Pertamina is fully committed to continue implementing the assignment from the Government of finalizing the One Price Fuel Program in 3T (frontier, outermost, and disadvantaged) areas regions as part of Pertamina's essential contribution, which has been given the mandate to distribute petroleum throughout Indonesia. To make it happen, Pertamina has employed various modes of transportation both land, sea and air, at any cost, in order for the public in the 3T areas can obtain fuel at the same price as in any other area. Pertamina is confident that the One Price Fuel Program will have a significant impact in boosting business productivity and community welfare in 3T areas.

By end of 2017, the operation of the One Price Fuel agency has been realized in 54 locations in 3T areas including 11 locations in Sumatra, 3 locations in Java and Bali, 3 locations in Nusa Tenggara, 11 locations in Kalimantan, 5 locations in Sulawesi, 21 locations in Maluku and Papua. The One Price Fuel project is aiming to have 150 location points by 2019.

Fuel Conversion For Fishermen

Beginning in 2016, Pertamina has been assigned by the Ministry of Energy and Mineral Resources to implement the conversion program of Petroleum (BBM) to Gas Fuel (BBG) for fishing vessels throughout various regions. For 2017, the number of program recipients was at 17,081 vessels across 28 districts/towns divided into four zones. Recipient criteria are fishermen who use boats are weighing less than 5 GT, gasoline and for engines with less than 13 HP. To realize this program, Pertamina distributed the inaugural converter kit package consisting of boat engines, converter kits including installation as well as LPG cylinder tank and gas contents.

In 2017, Petroleum to gas conversion for the fishermen project had distributed 17,081 converter kits, which means that the total amount distributed is 22,554 units since 2016. Regions that have currently received the converter kit package are North Jakarta, Sukabumi District, Cirebon Regency, Bekasi Regency, Cilacap Regency, Regency Demak, Kabupaten Pemalang, Tuban Regency, Gresik Regency and Karang Asem Regency in 2016, and West Pasaman Regency, Padang City, Agam Regency, Labuan Batu Regency, Cirebon Regency, Sukabumi Regency, Cilacap Regency, Demak Regency, Pati Regency, Pemalang Regency Pekalongan Regency, Jepara Regency, Tuban Regency, Pasuruan Regency, Probolinggo Regency, Banyuwangi Regency, Malang Regency, Surabaya City, Lamongan Regency, Jembrana Regency, West Lombok Regency, East Lombok Regency, Makassar City, Maros Regency, Jeneponto Regency, Soppeng Regency, Mamuju District and Gorontalo

For the provision, distribution and installation of the inaugural packages in 2017, Pertamina collaborated with PT Industri Telekomunikasi Indonesia (Persero), PT Wika Industri and Construction, PT Pratiwi Putri Sulung and PT Global Mandira Semesta who have been responsible for preparing the inaugural packages consisting of multipurpose machines, long tail propellers, 3 kg LPG gas cylinders and converter kits.

In terms of economics, the use of gas as fuel for fishing boats will provide additional income from fuel cost savings of up to 60%. This figure is obtained assuming a 3 kg LPG tank, which is worth between Rp20,000 - Rp25,000 can be used as fuel to sail for about three days. Meanwhile, if fishermen use petroleum to sail out, then at a minimum fishermen would require around 2 liters of gasoline or between Rp18,000 to Rp20,000 per day adding up to between Rp54,000 to Rp60,000 over the same three day period.

In 2017, Pertamina began introducing Dimethyl-Ether (DME) as an LPG fuel substitution to promote the escalation in use of renewable energy. Pertamina undertook a DME market trial usage by distributing gas cylinders with 3 variations of composition including; DME: LPG of 20%: 80%, 50%: 50%, and 100% DME.

For the sales of petrochemical products, Pertamina has succeeded in boosting sales by 30% as compared to 2016. This achievement is attributable to the successful trading of Asphalt, Granular Sulfur, Paraxylene, Slack Wax, Wax and Ethyl Acetate products. The volume in contribution of the trade is around 20% of the total Petrochemical trading volume. In the petrochemical sector (bitumen, paraxylene, benzene, and propylene), Pertamina succeeded in acquiring a market share of 44% (September 2017).

The development of Bitumen's marketing network has been implemented by acquiring the competitors' Asphalt Bulk Terminal (TAC) across several regions including Badas, Balea and Cilacap. In order to increase market coverage, Pertamina is currently building a TAC in Dumai aimed to begin operations in 2018. By carrying out by refinery production balancing we are able to provide asphalt supply assurance (term/spot).

For the operation of petroleum product distribution, Pertamina controls losses to achieve maximum profitability. In 2017, the average Supply Discrepancy was 0.16%. As for the actual data of other losses they are as follows:

Table: Actual Other Losses Data

No	Losses	2017 (%)	2016 (%)
1	Loading Loss (R1)	-0.1	-0.22
2	Discharge Loss (R3)	-0.08	-0.03
3	Working Loss (VVL)	-0.05	-0.02

Note: Directorate of Marketing petroleum products losses exclude Refinery and Aviation

The actual for Pertamina's coverage days for certain products until end of 2017 is as follows:

- Premium: ± 20 days
- Kerosene: ± 70 days
- Solar: ± 25 days
- Avtur: ± 25 days

The distribution and marketing performance of fuel and non-fuel products in 2017 and its comparison to the 2017 target and the 2016's actuals are presented in the following table.

Table: 2017 Actual Sales versus 2017 Target and 2016 Actual Sales

Description	[%]		2017 Budget Plan	Actuals		
			[million KL]	2017 [million KL]	2016 [million KL]	2015 [million KL]
	B/A	(B-C)/C	A	B	C	D
Petroleum						
1. PSO Petroleum and Assignment	100.9	-11.3	21.7	21.9	24.7	26.9
2. NPSO Petroleum	98.1	12.3	48.3	47.4	42.2	36.4
Sub Total Petroleum	99	3.6	70	69.3	66.9	63.3
Non-Petroleum (NBBM)						
3. LPG PSO	101.8	4.7	11	11.2	10.7	9.9
1. NPSO Non-Petroleum	100	15.2	5.3	5.3	4.6	5
Sub Total Non Petroleum	101.2	7.8	16.3	16.5	15.3	14.9
Total Petroleum & Non-Petroleum	99.4	4.4	86.3	85.8	82.2	78.2

Notes: 1. NPSO Petroleum including Retail Petroleum, Industrial, Aviation and VAT
2. NPSO Non-Petroleum including Domestic Gas NPSO, Petrochemical Products, Lubricants

INTEGRATED SUPPLY CHAIN

The ISC functions as the responsible party for the procurement/sales of crude oil and refinery products and is mandated to procure crude oil and refinery products efficiently so as to bolster Pertamina's revenue. Thus, the ISC function is to continue, transform and improve its performance. The ISC function transformation roadmap consists of 3 (three) main phases including Phase 1.0 or Quick Win Phase, Phase 2.0 or ISC Class Phase, and Phase 3.0 or Talent Engine Phase. For the Breakthrough Project (BTP) of 2017, ISC contributed to Pertamina's efficiency program in all lines with three BTPs:

1. ISC 3.0 Transformation
2. International Trading Implementation
3. Optimizing TBBM Tanjung Uban and Sambu Island

The previous ISC 1.0 and 2.0 Transformation Programs have yielded efficiencies for the Company. In 2017, the ISC implemented ISC 3.0 program to bolster the previous efficiency implementation initiatives and create additional initiatives so as to intensify value creation. BTP's efficiency target was USD 105 million through 5 workstreams as follows:

- Crude Sourcing or direct procurement of crude oil from the market/supplier for more optimal & efficient hydro procurement
- Unconstrained Linear Programming (LP) to maximize revenue by identifying and relaxing constraints in Downstream Linear Programming Optimization
- Applied Value Based Crude Selection (VBCS) to imported crude oil procurement
- Reformed Crude oil and refinery products procurement process
- Maximized domestic crude oil purchases

By end of 2017, BTP achievement in the Integrated Supply Chain Function was USD 600.42 Million.

Tanjung Uban Petroleum Terminal Business Optimization

The optimization of facilities in Tanjung Uban aims to provide value creation through supply chain optimization, mogas and/or HSD/FO storage, blending, and strategic partnerships. The increased revenue target is USD 1 Million. Until December 2017, a total volume of 3,673 MB in Premium blending was carried out in TBBM Tanjung Uban generating total value creation of USD 5.47 million.

DOWNSTREAM MARGIN OPTIMIZATION

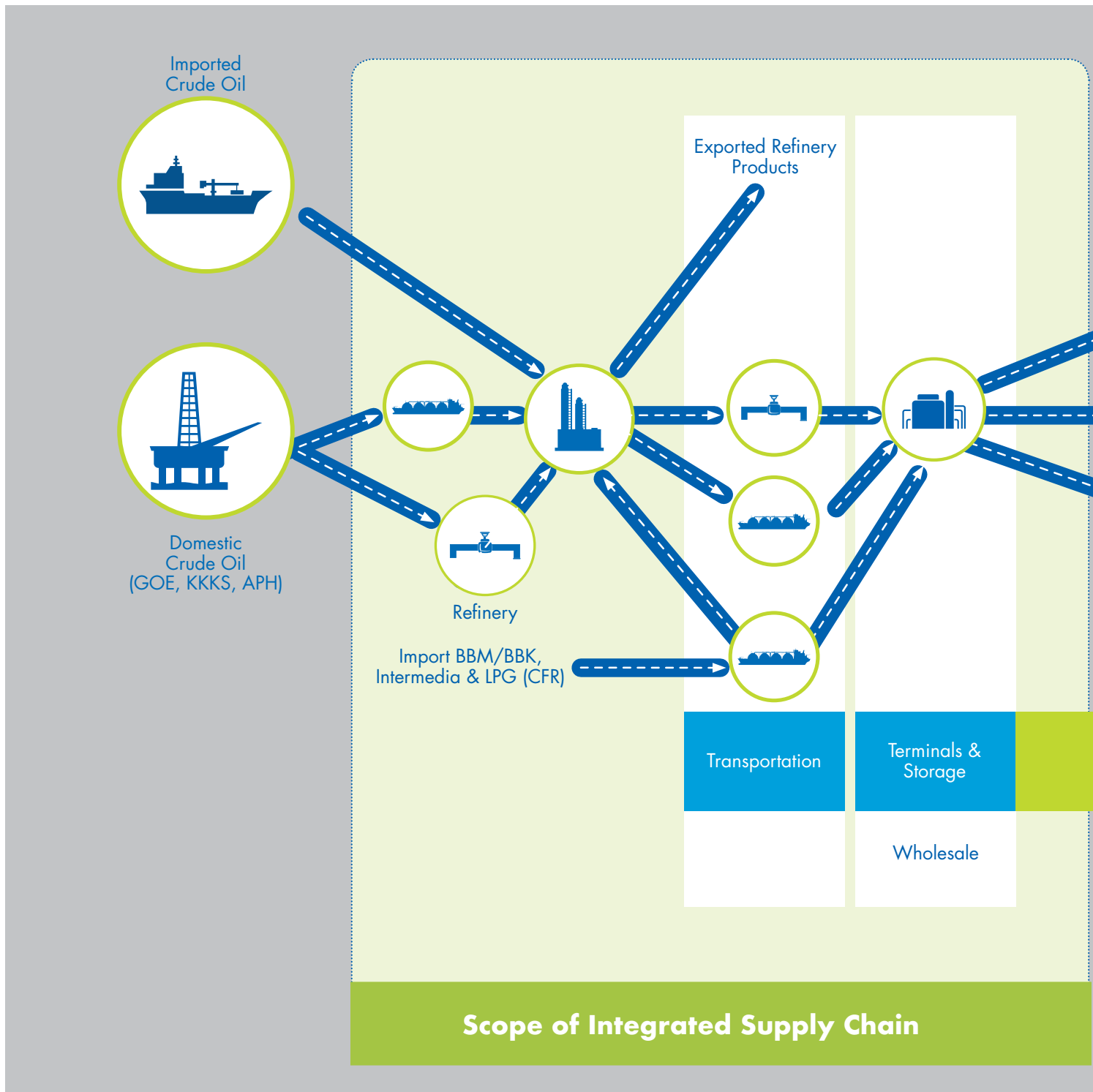
Downstream business optimization involves comprehensive efforts in order to achieve the most optimal downstream margins in the integrated supply of refined products. The process includes but is not limited to the planning of crude oil supplies and refinery products, distribution of petroleum products and chemical fuels, provision of funds, sales strategies, and recommendations for the improvements in supply patterns and facilities, including refineries, jetties, infrastructure, inventory, transportation, and the evaluation of the aspects of cost and losses over the short, medium, and long term.

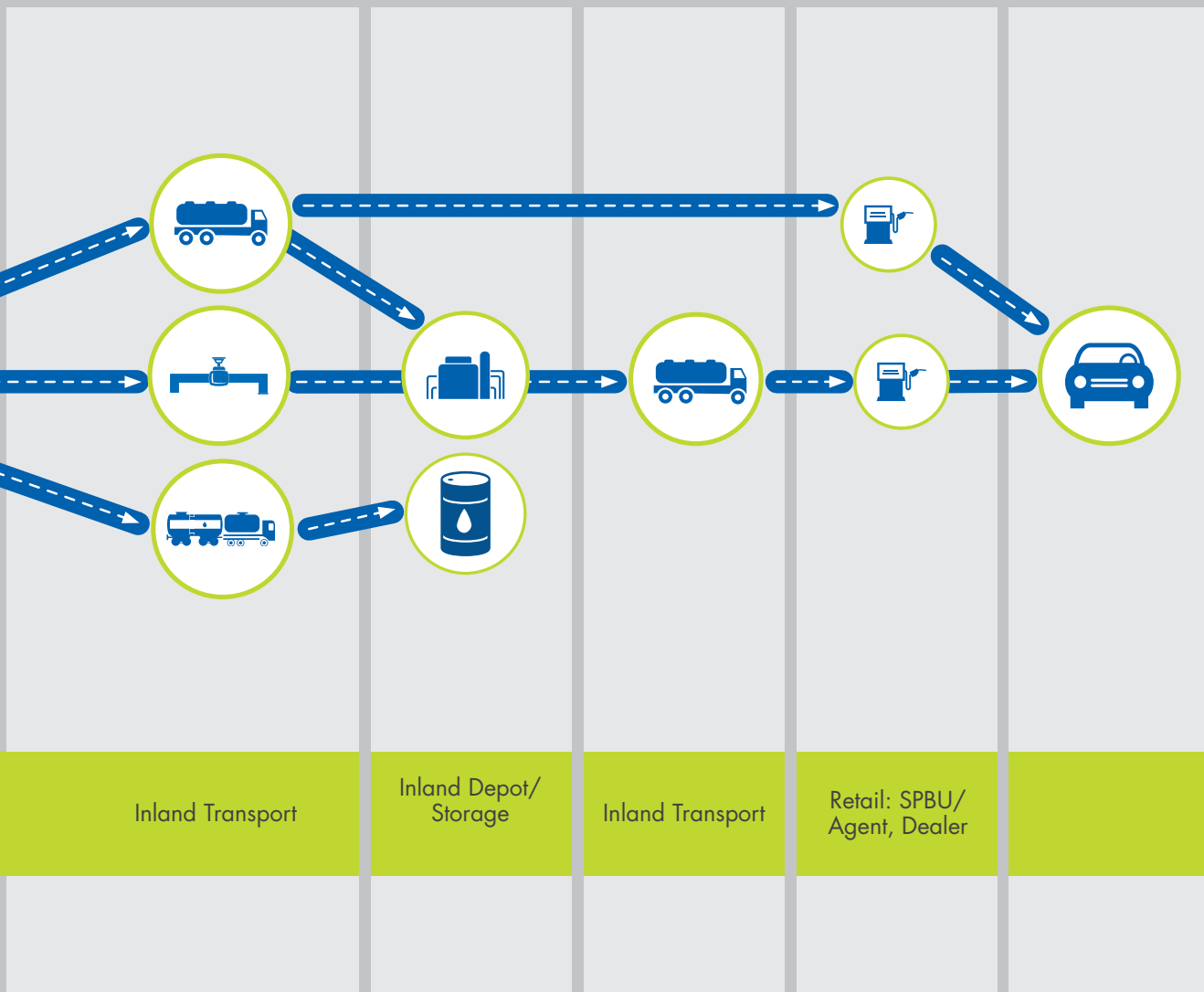
Downstream optimization is done periodically involving the Refinery Directorate, Marketing Directorate, and Finance Directorate with the ISC Function as coordinator. Downstream optimization planning in the Refinery Directorate is conducted so as to optimize the refineries and production. The results are then processed in order to optimize the supply and distribution patterns for refinery products.

The output from downstream optimization is witnessed in the provisions of optimal refinery production, crude needs, refinery products, cash flow requirements, import and export plans for crude oil and refinery products, and downstream gross margin targets. Thus, through the optimization of downstream planning, Pertamina is able to determine the volume of production and imports (make or buy decision) through considering demand and crackspread to maximize the downstream margins.

Downstream optimization evaluations are conducted monthly so as to monitor the downstream gross margin achievement through comparing realization, optimization targets, and the Company's Work Plan and Budget (RKAP) targets. In 2017, realization of the downstream gross margin optimization achieved USD 3,828.29 million.

INTEGRATED SUPPLY CHAIN ACTIVITIES





SUBSIDIARIES PERFORMANCE

In carrying out its business, Pertamina has established a number of subsidiaries whereby Pertamina has financial and operational controls through 100% ownership or majority ownership. By the end of 2017, Pertamina's subsidiaries totaled 21 companies with

business, total assets, business income and net income data for the last two years presented in the following table:

In Million USD

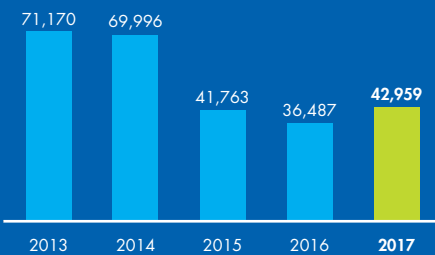
No	Company Name	Line of Business	Total Assets		Operating Revenue		Net Income	
			2017	2016	2017	2016	2017	2016
Cluster Upstream								
1	PT Pertamina Eksplorasi dan Produksi	Oil & Gas Exploration & Production	7,621.46	7,301.60	2,770.08	2,495.18	614.78	589.70
2	PT Pertamina Geothermal Energy	Geothermal Exploration & Production	2,408.12	2,073.44	622.47	533.49	95.72	75.16
3	PT Pertamina Hulu Energi	Oil & Gas Exploration & Production	4,780.79	4,908.39	1,999.08	1,533.13	248.89	188.86
4	PT Pertamina Eksplorasi dan Produksi Cepu	Oil & Gas Exploration & Production	2,608.02	2,103.86	1,328.94	882.36	662.21	222.67
5	PT Pertamina Drilling Services Indonesia	Oil & Gas Drilling Services	574.40	590.36	235.34	214.13	18.21	8.71
6	PT Pertamina Eksplorasi dan Produksi Cepu Alas Dara & Kemuning	Oil & Gas Exploration & Production	18.53	58.54	-	-	(57.79)	-3.94
7	PT Pertamina Internasional Eksplorasi dan Produksi	Oil & Gas Exploration & Production	5,768.92	3,527.96	1,162.47	538.22	104.66	192.50
8	PT Elnusa Tbk	Seismic Survey Services, Logistic Base, Telecommunication, Construction and Petroleum Marketing (Pertamax)	358.32	311.92	372.01	272.07	18.74	23.36
9	PT Pertamina Hulu Indonesia	Oil & Gas Trading, Gas Transportation	304.84	-	-	-	(2.65)	-
Cluster Gas								
10	PT Pertamina Gas	Oil & Gas Exploration & Production	1,926.76	1,877.89	624.59	668.68	141.24	158.94
Cluster Downstream								
11	PT Pertamina Patra Niaga	Trading & Industrial Services	960.39	781.71	1,390.37	1,232.79	84.22	96.03
12	PT Pertamina Trans Kontinental	Shipping Services, Maritime Services, and Logistics Services	287.01	254.02	132.95	129.06	13.67	12.25
13	PT Pertamina Retail	Fuel Supplier	150.64	136.69	891.84	804.20	10.63	9.65
14	PT Pertamina Lubricants	Refinery and Marketing of Lubricants	500.64	501.83	719.29	661.42	134.60	147.48

In Million USD

No	Company Name	Line of Business	Total Assets		Operating Revenue		Net Income	
			2017	2016	2017	2016	2017	2016
Cluster Finance & Services								
15	PT Pertamina Power Indonesia	Electricity generated from alternative energy sources including natural gas, liquid, geothermal, solar	99.73	-	-	-	(2.00)	-
16	PT Kilang Pertamina Internasional	Management of oil refineries, natural gas and renewable energy in the country and abroad which includes production, processing and trade	0.74	-	-	-	(0.01)	-
17	PT Pertamina International Shipping	Oil and gas commodity shipping services	208.97	-	99.51	-	14.92	-
18	PT Pertamina Training & Consulting	Management consulting services, training, provision of security personnel	40.77	32.62	106.27	85.36	2.37	2.67
19	PT Patra Jasa	Services including hospitality, office space, houses, apartments and other buildings	229.39	87.71	67.87	43.96	8.71	1.02
20	PT Tugu Pratama Indonesia	Insurance Services	836.39	943.45	154.06	134.08	34.71	68.80
21	PT Pertamina Bina Medika	Healthcare services, managing hospitals	111.01	100.06	98.80	88.90	3.88	6.27
22	PT Pelita Air Service	Air transport services, aircraft charter	65.66	64.02	56.54	53.34	2.65	0.48
23	PT Pertamina Dana Ventura	Investment & Financing	71.33	157.82	20.92	23.38	4.28	3.20
24	Pertamina International Timor S,A	Downstream oil and gas business in Timor-Leste	28.68	18.71	57.73	39.02	10.06	9.56

FINANCIAL PERFORMANCE REVIEW

Sales and Other Operating Income
(in Million USD)



Despite being in the midst of an environment of fluctuating world oil prices throughout 2017, Pertamina was still able to maintain positive business growth by posting an increase in sales and other operating revenue of 17.7% over the previous year.

The following financial performance report should be read as a whole and as an integral part of our financial and operational data. The Consolidated Financial Statements of PT Pertamina (Persero) and its Subsidiaries for the year ended 31st December 2017 and 2016, having been audited by the Public Accounting Firm (KAP) Purwantono, Sungkoro & Surja (Ernst & Young Indonesia) are included as a part of this Annual Report. The corresponding figures for the year ended 31st December 2016, and the 2017 target (RKAP 2017) are presented for analysis and/or comparison purposes. The currency presented in this discussion refers to the Company's consolidated financial statements in United States Dollars ("US Dollar" or "USD"), which is also the reference currency of the Company and its Subsidiaries.

According to KAP Purwantono, Sungkoro & Surja, the Consolidated Financial Statements are considered to be fair in all material respects. The consolidated financial position of PT Pertamina (Persero) and its Subsidiaries as of 31st December 2017, its financial performance and its consolidated cash flows ended in that year is in accordance with the Indonesian Financial Accounting Standards. The financial statements have been audited based on auditing standards established by the Indonesian Institute of Certified Public Accountants.



OTHER CONSOLIDATED COMPREHENSIVE INCOME

Sales and Other Operating Income

Sales and other operating revenues are derived from domestic sales of crude oil, natural gas, geothermal energy and petroleum products, reimbursement of subsidy costs from the Government, export sales of crude oil, natural gas and petroleum products, remuneration of marketing services and operating revenues from other operating activities.

In 2017, sales and other operating revenues achieved USD 42,959 million or 17.7% higher as compared to that of 2016 amounting to USD 36,487 million. The 2017 achievements were contributed through:

- Domestic sales of crude oil, natural gas, geothermal energy and oil products totalling USD 36,782 million or 85.6% of total sales and other operating revenues
- Reimbursement of subsidy costs from the Government totalling USD 3.572 million or 8.3% of total sales and other operating revenues
- The export sales of crude oil, natural gas and oil products totalling USD 1.874 million or 4.4% of total sales and other operating revenues
- Marketing services remuneration totalling USD 25 million or 0.1% of total sales and other operating revenues
- Operating revenues from other operating activities totalling USD 705 million or 1.6% of total sales and other operating revenues.

Table: Sales and Other Operating Income (In million USD)

Description	(%)		Budget 2017	2017	2016	2015	2014	2013
	B/A	(B-C)/C	A	B	C	D	E	F
Domestic sales of crude oil, natural gas, geothermal energy and oil products	102.6	13.1	35,849	36,782	32,526	36,560	44,587	44,804
Reimbursement of subsidy costs from the Government	110.0	39.1	3,248	3,572	2,569	3,187	17,857	20,304
Export sales of crude oil, natural gas and oil products	89.6	93.5	2,092	1,874	968	1,270	6,707	5,503
Remuneration of marketing services	43.4	-109.9	59	25	(257)	23	99	107
Operating revenues from other operating activities	57.3	3.6	1,231	705	681	723	746	452
TOTAL SALES AND OTHER OPERATING REVENUES	101.1	17.7	42,480	42,959	36,487	41,763	69,996	71,170

The upsurge in sales and other operating income in 2017 were mainly influenced by the increase in domestic sales of crude oil, natural gas, geothermal energy and oil products. Domestic sales of crude oil, natural gas, geothermal energy and oil products, totalling USD 36,782 million, up 13.1% over the 2016 achievement of USD 32,526 million. The driving factor causing this increase was a higher than average selling price due to a higher ICP actual price and published price in 2017 as compared to 2016. The average price of the ICP in 2017 achieved USD 51.17/barrel while in 2016 it was USD 40.16/barrel. The average price of MOPS PSA in 2017 was USD 64.85/barrel while in 2016 it was USD 52.08/barrel.

Another factor causing the increase in domestic sales of crude oil, natural gas, geothermal energy, and oil products in 2017 was the increase in sales volume. The sales volume of oil products in 2017 achieved 85.74 million KL while in 2016 it was 81.95 million KL. There was a significant increase in the sales volume of Peralite products, which achieved 14.50 million KL, or up 147.73% from 2016 at 5.86 million KL. This was due to the market appetite that began shifting to Peralite and other Non-Subsidized Fuel.

In 2017, the reimbursement of subsidy costs from the Government was USD 3,572 million, up 39.1% as compared to 2016, which amounted to USD 2,569 million. The increase was influenced by:

- CP Aramco's average price rose to USD 487.32/MT in 2017, as compared to 2016 at USD 342.18/MT. Along with CP Aramco's price increase, the sales volumes of the LPG 3 kg Refill PSO also increased. The sales volumes of LPG 3 kg Refill achieved 6.31 million MT, up 5% as compared to the 2016 achievement of 6.01 million MT.
- Diesel/Biodiesel PSO sales volumes in 2017 rose to 14.33 million KL, up 5.4% from 2016 at 13.60 million KL. The fixed subsidy for Deisel/Biodiesel PSO is set at Rp500/liter starting from 1st July 2016.

The export sales of crude oil, natural gas and petroleum products achieved USD 1,874 million, up 93.5% as compared to 2016, which amounted to USD 968 million. The increase was influenced by an increase in the ICP average price in 2017.

In addition to price factors, volume lifting also increased as compared to the achievement of 2016. Crude oil volume lifting in 2017 amounted to 24,321 MBO, up 32.95% from 2016 at 18,293 MBO. The increase was mainly attributable to Pertamina, through its subsidiaries: PT Pertamina International Exploration and Production (PIEP), adding a participating interest through the acquisition of stakes in Maurel et Prom (M&P) in 2017. The acquisition is in line with Pertamina's strategy of developing the upstream oil and gas business to augment the amount of oil and gas, geothermal production and reserves and business development abroad.

Marketing services remuneration achieved USD 25 million, a significant increase as compared to the achievement in 2016 of USD 257 million. Marketing services remuneration is a sales commission obtained by Pertamina in marketing the Government's crude oil, natural gas and LNG. In accordance with the evaluation of SKK Migas dated 25th August 2016, and Letter from the Minister of Finance dated 30th December 2016, Pertamina made an adjustment to the 2011-2014 marketing service receivables, amounting to USD 276 million, which was registered as a deduction for marketing services in 2016.

Operating revenues from other operating activities amounted to USD 705 million, relatively equal to 2016 at USD 681 million.

Expenses

In 2017, the cost of goods sold and other direct expenses achieved USD 35,445 million, up 26.8% as compared to 2016, which amounted to USD 27,944 million. These expenses consist of cost of goods sold, upstream production expenses and lifting, exploration expenses and expenses from operational activities. The largest contribution came from the increase in cost of goods sold.

Table: Expenses (In million USD)



Description	(%)		Budget 2017 A	2017	2016	2015	2014	2013
	B/A	(B-C)/C		B	C	D	E	F
Cost of Goods Sold and Other Direct Expenses								
- Cost of goods sold	102.3	28.8	30,432	31,118	24,156	31,911	59,585	61,024
- Upstream production and lifting expenses	112.7	11.6	2,948	3,322	2,977	3,072	2,842	2,468
- Exploration expenses	47.3	51.4	350	165	109	158	198	210
- Expenses from other operating activities	47.6	19.8	1,763	840	701	648	722	515
TOTAL COST OF SALES AND OTHER DIRECT EXPENSES	99.9	26.8	35,494	35,445	27,944	35,790	63,347	64,217
Operating Expenses	87.5	17.0	3,142	2,748	2,349	2,051	2,211	2,214
Other Expenses	365.2	-4.6	326	1,191	1,248	914	650	(227)

The cost of goods sold achieved USD 31,118 million, up 28.8% as compared to 2016, which amounted to USD 24,156 million. The increase was mainly attributable to the increasing prices of raw material and imports of products that are affected by a rise in the ICP and published oil prices for 2017 as compared with the previous year.

In 2017, the actual upstream and lifting production expenses achieved USD 3,322 million, up 11.6% as compared to 2016, which totaled USD 2,977 million. The highest contribution came from contract and service charges that increased to USD 301 million as compared to 2016. The escalation of contract and service charges was mainly attributable to the acquisition of M&P in 2017.

Exploration expenses achieved USD 165 million, up 51.4% from 2016 at USD 109 million. The rise in exploration costs was due to Pertamina's efforts in pursuing new oil and gas reserves.

Expenses from other operating activities achieved USD 840 million, up 19.8% from USD 701 million in the previous year, which was mainly attributable to Pertamina's new subsidiary operations in 2017 engaging in the domestic shipping sector, PT Pertamina International Shipping.

Operating expenses consisting of the sales and marketing expenses also general & administrative expenses amounted to USD 2,748 million, up 17.0% as compared to USD 2,349 million recorded in 2016.

- Sales and marketing expenses achieved USD 1,353 million, up 20.9% from USD 1,119 million recorded in 2016. This was mainly attributable to the increase in loading-unloading and transport expenses of USD 520 million, up 23.9% from 2016 at USD 420 million. The increase was due to unpredicted expenses in Pertamina's selling price of components as an implication of the application of certain types of Oil Fuel (JBT) and the Special Oil Fuel Assignment (JBKP) selling price.

- General and administrative expenses totaled USD 1,395 million, up 13.4% as compared to USD 1,230 million recorded in 2016. The hike was attributable to salaries, wage increases and other employee benefits amounting to USD 758 million, up 26.3% from USD 600 million recorded in 2016 due to an increase in the number of Pertamina's permanent employees in 2017.

Other expenses amounted to USD 1,191 million, down 4% from USD 1,248 million recorded in 2016 primarily due to a reduction in goodwill and provision for tax disputes. Additionally, there were other realizable revenues resulting from Return on Appeal and Net-Currency gains in 2017.

Profit (Loss)

The upsurge in the cost of goods sold and other direct expenses of 26.8% up from the previous year, which was significantly higher than the increase in sales and other operating revenues at 17.7% over the previous year, this situation has caused a reduction in gross profit in 2017 of 12% down from USD 8,543 million in 2016 to USD 7,514 million. This was largely derived from the downstream segment of Pertamina where there was a stipulation regarding the selling price of a certain types of Oil Fuel (JBT) and the Special Oil Fuel Assignment (JBKP). On the other hand, there was also a significant increase in costs as a result of the impact of the higher ICP prices as compared to that of 2016.

Operating income, which is represented by Gross Profit less Incurred Expenses in relation the Company's business activities, achieved USD 4,776 million, down 23.0% from USD 6,194 million recorded in 2016. The reduction was due to lower Gross Profit and an increase in Operating Expenses.

Table: Profit (Loss) (In million USD)

Description	(%)		RKAP 2017	2017	2016	2015	2014	2013
	B/A	(B-C)/C	A	B	C	D	E	F
Operating profit	124.0	-23.0	3,844	4,766	6,194	3,921	4,438	4,739
Earnings before income tax expense	101.6	-27.7	3,518	3,576	4,945	3,007	3,788	4,966
Current year profit	123.1	-19.3	2,073	2,553	3,163	1,442	1,477	3,067
Comprehensive profits	116.1	-22.3	2,073	2,407	3,099	1,144	1,416	2,838

Earnings before income tax expenses amounted to USD 3,576 million, down 27.7% from USD 4,945 million recorded in 2016. The reduction was largely attributable to a decline in Operating Income along with a decrease in Financial Income and an upsurge in Expenses. The decline in Financial Income was influenced by the drop-off in interest income on deposits where the annual interest rate on time deposits in 2017 ranged from 3.00% to 8.75% for Rupiah deposits and 0.40% - 2.36% for time deposits in US Dollar. The upsurge in finance costs was mainly attributable to the increments of lease financing expenses for additional tank assets, pipeline installation and other equipment.

In 2017, Pertamina recorded a net-currency gain of USD 68 million, while in 2016 the Company registered a net-currency loss of USD 48 million. The position of the US Dollar against Rupiah as of 31st December 2016, was at Rp13,436.00/USD, this weakened to Rp13,548.00/USD as of 31st December 2017.

The net profits of associated companies went up as compared to the previous year, which is attributable to an increase in the associate's net income of PT Donggi Senoro LNG in 2017. Additionally, other expenses saw

a decrease largely attributable to a reduction in the allowance for a decline in goodwill and provision for tax disputes.

The decline in earnings before income tax expense coupled with a reduction in net income tax expense resulted in the shrinkage of the current year's profit as compared to the previous year. Profit for 2017 amounted to USD 2,553 million, down 19.3% from USD 3,163 million recorded in 2016.

The Comprehensive Profit for 2017 amounted to USD 2,407 million, down 22.3% from USD 3,099 million recorded in 2016. Comprehensive Income is the result of Current Income less any other Comprehensive Income. The presentation of Current Year Earnings and Comprehensive Profits presents a more informative financial statement to satisfy the demands of all stakeholders.

Net Income Tax Expense

The net income tax expense of 2017 amounted to USD 1,023 million, down 42.6% from USD 1,783 million recorded in 2016. Current taxes were down 16.7%, from USD 1,930 million recorded in 2016 to USD 1,608 million, attributable to a reduction in net income tax revenues in 2017. Conversely, there was a revaluation of assets for tax purposes related to certain refinery assets in 2017, which resulted in an increase of 297.7% in deferred taxes from USD 147 million recorded in 2016 to USD 585 million. On 10th July 2017, Pertamina obtained approval for revaluation based on the Decree from the Director General of Taxes Number KEP-104/WPJ.19/2017.

Table: Income Tax Expense (In million USD)

Description	(%)		Budget 2017	2017	2016	2015	2014	2013
	B/A	(B-C)/C	A	B	C	D	E	F
Income Tax Expense	70.8	-42.6	1,445	1,023	1,783	1,565	2,312	1,957

Other Comprehensive Income

PSAK No. 1 (2013 Revision) regarding the Presentation of Financial Statements, which requires a separate presentations between groups of items in Other Comprehensive Income that will be re-classified and not re-classified as profit or loss.

Other Comprehensive Income items not re-classified as profit or loss in the subsequent period are Actuarial Gains (losses) as a result of the reassessment of the Net Defined Benefit Liability. While other comprehensive income items that will be re-classified as profit or loss in the

subsequent period are the differences in Foreign Exchange due to the conversion of Financial Statements denominated in a Foreign Currency and the other Comprehensive Income section of the associate.

The measurement of the Net Defined Benefit obligation is the result of the actuary calculation regarding the employee benefits. In 2017, Pertamina recorded a net actuary loss of USD 123 million, up 61.9% from USD 76 million recorded in the previous year.

For 2017, Foreign Exchange earnings attributable to the conversion of Financial Statements denominated in a Foreign Currency amounted to USD 5 million, a decrease in profit of USD 14 million recorded in the previous year. This was attributable to the weakening position of US Dollar against the Rupiah.

Pertamina's other Comprehensive Income section of the Associate entities throughout 2017 suffered a loss of USD 27 million as compared to the previous year of USD 2 million. This represents the incorporation of other Comprehensive Income owned by the Subsidiaries, Associations and Joint Ventures.

STATEMENT OF CONSOLIDATED FINANCIAL POSITIONS

ASSETS

By the end of 2017, Pertamina's total assets totaled USD 51,214 million consisting of 33.8% in current assets and 66.2% non-current assets. Total assets increased by 8.4% as compared to the position held at the end of 2016, which amounted to USD 47,233 million.

Table: Total Assets (In million USD)

Uraian	(%)	2017	2016	2015	2014	2013
	(A-B)/B	A	B	C	D	E
Current Assets	6.4	17,287	16,241	14,330	20,493	24,113
Non-Current Assets	9.5	33,927	30,992	31,189	30,203	25,395
TOTAL ASSETS	8.4	51,214	47,233	45,519	50,696	49,507

Current Assets

Current Assets achieved USD 17,287 million, up 6.4% from the total Current Assets of 2016 at USD 16,241 million. This was mainly attributable to an upsurge in inventories, prepaid taxes - current component and Short-Term Investments. Conversely, there was a reduction in Account Receivables and Government Receivables.

Table: Current Assets (In million USD)

Description	(%)	2017	2016	2015	2014	2013
	(A-B)/B	A	B	C	D	E
Cash and Cash Equivalents	-0.6	5,226	5,259	3,111	3,639	4,576
Restricted Cash	-26.7	90	123	152	242	213
Short-Term Investments	111.2	247	117	153	144	153
Accounts Receivables	-8.0	2,332	2,533	2,501	3,400	3,969
Government Receivables - current component	-16.7	1,493	1,792	2,273	3,798	4,291
Other Receivables	10.2	717	651	642	1,194	1,093
Inventory	26.2	5,968	4,728	4,395	7,025	9,084
Prepaid Taxes - current component	40.0	794	567	816	661	475
Prepaid Expenses and Advances	-8.2	393	428	270	390	260
Other Investments	-36.7	27	43	16	-	-
TOTAL CURRENT ASSETS	6.4	17,287	16,241	14,330	20,493	24,113

Short-Term Investment

Short-Term Investments achieved USD 247 million, up 111.2% as compared to 2016 at USD 117 million primarily attributable to the addition of indirect investment in PT Tugu Reasuransi Indonesia in 2017 triggering an increase in investment in marketable equity securities, investment in bonds and investment in mutual funds.

Account Receivables

Account Receivables totaled USD 2,332 million, down 8.0% from USD 2,533 million recorded in 2016 primarily attributable to the receipt of repayment of TNI/Ministry of Defense receivables for the period 2014-2016. The outstanding receivables for the delivery of Petroleum and Lubricants to the TNI/Ministry of Defense in the current year amounted to USD 259 million.

Government Receivables - Current Component

Government Receivables, which amounted to USD 1,493 million, down 16.7% from USD 1,792 million recorded in 2016, was primarily attributable to the receivables for subsidy cost compensation with a settlement schedule in 2019, which was re-classified to Government Current Accounts Receivable less current component.

Non-Current Assets

Non-Current Assets achieved USD 33,927 million, up 9.5% from USD 30,992 million recorded in 2016. The increase was mainly attributable to the escalation in oil and gas and geothermal assets, deferred tax assets, government receivables, fixed assets and other non-current assets. Conversely, there was a reduction in prepaid taxes - less current component.

Table: Non-Current Assets (in million USD)

Description	(%)	2017	2016	2015	2014	2013
	(A-B)/B	A	B	C	D	E
Deferred Tax assets	94.3	1,304	671	627	901	1,023
Long-Term investments	-10.6	2,822	3,157	2,941	2,535	942
Fixed assets	3.9	10,728	10,323	10,184	9,968	9,000
Oil and gas and geothermal assets	11.8	16,360	14,636	14,793	13,557	11,062
Government receivables - less current component	100.0	663	-	-	-	-
Prepaid taxes - less current component	-53.7	594	1,283	1,642	2,164	2,030
Other non-current assets	57.9	1,456	922	1,002	1,078	1,336
TOTAL NON-CURRENT ASSETS	9.5	33,927	30,992	31,189	30,203	25,395

Deferred Tax Assets

Deferred Tax assets amounted to USD 1,304 million, up 94.3% from USD 671 million recorded in 2016, which was primarily attributable to the Deferred Tax assets on Capital Gains arising from the revaluation of Fiscal Assets for tax purposes.

Long-term Investments

The realization of long-term investments amounted to USD 2,822 million, down 10.6% from USD 3,157 recorded in 2016, which was primarily attributable to the acquisition of M&P shares that positioned PIEP as the majority owner and in full control of M&P. Hence, M&P was not registered as long-term investment in 2017.

Inventory

Inventory amounted to USD 5,968 million, up 26.2% from USD 4,728 million recorded in 2016, which was primarily attributable to the higher prices of oil and crude oil products where the price of the MOPS PSA average November - December 2017 achieved USD 73.37/barrel, while the November - December 2016 average price was USD 59.66/barrel. The average ICP for the November-December period in 2017 achieved USD 60.12/Barrel, while for the corresponding November-December period in 2016 the average was USD 47.18/barrel.

Prepaid Taxes - Current Portion

Prepaid Taxes - current component of USD 794 million, up 40% from the previous year realization at USD 567 million, which was mainly attributable to the difference in VAT output and VAT inputs, VAT upfront payments on subsidized Diesel and LPG, and cuts in Income Tax collection.

Fixed Assets

Fixed assets, which amounted to USD 10,728 million, up 3.9% as compared to USD 10,323 million recorded in 2016, which was primarily attributable to the addition of assets for the Cilacap Blue Sky Project (PLBC). PLBC is one of the fuel product upgrading projects from Premium (RON 88) to Pertamina (RON 92).

Oil & Gas and Geothermal Assets

Oil & gas and geothermal assets amounted to USD 16,360 million, up 11.8% as compared to USD 14,636 million recorded in 2016, which was primarily attributable to an increase in oil and gas wells as a result of the

acquisition of M&P shares. In 2017, Pertamina through PIEP became the majority owner and took full control of M&P.

Government Receivables - Less Current Component

In 2017, Government Receivables less current component of USD 663 million, which was largely attributable to the re-classification of receivables for compensation of the subsidy costs with Current Government Receivables less current component settlement scheduled for 2019.

Prepaid Taxes - Less Current Portion

Prepaid taxes less current component of USD 594 million, down 53.7% from USD 1,283 million recorded in 2016. This was mainly attributable to Pertamina's compliance with the Tax Amnesty Program on 31st March 2017, and having received a Tax Remuneration Letter, Number KET-369/PP/WPJ.19/2017 dated 6th April 2017. Due to the Tax Amnesty, the Company terminated all Tax Inspections, Objections, Appeals and Reviews from 2015.

Other Non-current Assets

Other Non-Current Assets achieved USD 1,456 million, up 57.9% from USD 922 million recorded in 2016, which was primarily attributable to an increase in restricted funds for Work Benefit Obligations, Partnerships, Community Development Programs (PKBL) as well as an increase in down payments to suppliers for the construction of fixed assets.

LIABILITIES

By the end of 2017, Pertamina's total liabilities amounted to USD 27,387 million, up 8.9% from USD 25,159 million recorded at end of 2016. The total liabilities consisted of 34.4% in short-term liabilities and 65.6% in long-term liabilities.

Table: Total Liabilities (in million USD)

Description	(%)	2017	2016	2015	2014	2013
	(A-B)/B	A	B	C	D	E
Short-term Liabilities	16.2	9,417	8,107	8,547	13,746	16,572
Long-term Liabilities	5.4	17,970	17,052	17,497	18,136	14,771
TOTAL LIABILITIES	8.9	27,387	25,159	26,044	31,881	31,343

Short-Term Liabilities

Short-term liabilities at the end of 2017 amounted to USD 9,417 million, up 16.2% as compared to USD 8,107 million recorded at the end of 2016. This was mainly attributable to an increase in operating payables, accrued expenses, short-term loans and other payables. In contrast, long-term liabilities - current component and tax debt declined.

Table: Short-term Liabilities (in million USD)

Description	(%)	2017	2016	2015	2014	2013
	(A-B)/B	A	B	C	D	E
Short-term loan	247.6	453	130	1,808	4,976	4,995
Account payables	16.7	3,885	3,330	2,582	3,555	5,079
Government debt - current component	10.5	1,028	930	506	769	2,418
Tax payable	-23.0	526	683	304	456	624
Accrued expenses	28.8	1,988	1,543	1,559	2,307	1,954
Long-term liabilities - current component	-36.2	366	574	926	791	742
Other payables	23.3	912	739	699	700	627
Deferred income - current component	47.0	261	178	162	191	135
TOTAL LIABILITIES	16.2	9,417	8,107	8,547	13,746	16,572

Short-Term Loans

Short-term loans amounted to USD 453 million, up 247.6% from USD 130 million recorded in 2016, which was primarily attributable to short-term loan drawdowns from Bank Mandiri of USD 166 million and BRI of USD 189 million.

Account Payables

Account Payables amounted to USD 3,885 million, up 16.7% from USD 3,330 million recorded in 2016, which was primarily attributable to higher purchases of oil and crude oil products that were affected by MOPS PSA and an increase of the ICP. The average price of MOPS PSA in for the November-December period in 2017 achieved USD 73.37/barrel as compared to the corresponding November-December period of 2016 at USD 59.66/barrel and the ICP average for the November-December period in 2017 was USD 60.12/barrel, as compared to the corresponding November-December period of 2016 at USD 47.18/barrel.

Tax Payable

Tax Payable amounted to USD 526 million, down 23% from USD 683 million recorded in the previous year, which was mainly attributable to an absence of recognition of the PPh 29 income tax payable due to over payment in Pertamina's fiscal profit position in 2017. Income Tax 29 (PPH 29) is Income Tax Less (KB) listed in the Annual Income Tax Return.

Accrued Expenses

Accrued Expenses amounted to USD 1,988 million, up 28.8% from USD 1,543 million recorded in 2016, which was primarily attributable to Short-term Liabilities for employee benefits, accrued expenses to suppliers and contractors, as well as the addition of claims estimates as an impact from the additional indirect equity participation in PT Tugu Reasuransi Indonesia in 2017.

Long-Term Liabilities

Company's long-term liabilities achieved USD 17,970 million, up 5.4% as compared to USD 17,051 million recorded in 2016. The increase was mainly attributable to an accrual in deferred tax liabilities, long-term liabilities - net of current component, liability for employee benefits and provisions for demolition and restoration.

Table: Long-Term Liabilities (in million USD)

Uraian	(%)	2017	2016	2015	2014	2013
	(A-B)/B	A	B	C	D	E
Government Payable - less current component	17.9	392	332	147	137	155
Deferred tax liabilities	11.5	2,725	2,444	2,555	2,405	2,021
Long-term liabilities - less current component	14.5	2,085	1,821	2,196	3,038	2,024
Bond debt	0.1	8,498	8,492	8,634	8,685	7,186
Employee benefits liability	6.9	2,099	1,964	1,791	1,848	1,871
Provision of demolition and restoration	11.8	2,040	1,824	1,926	1,800	1,213
Deferred income - less current component	-57.0	52	120	178	140	204
Other long-term payables	46.6	79	54	71	83	98
TOTAL LONG-TERM LIABILITIES	5.4	17,970	17,051	17,497	18,136	14,771

Deferred Tax Liability

Deferred tax liabilities amounted to USD 2,725 million, which was an increase of 11.5% from USD 2,444 million recorded in 2016. The increase was mainly attributable to the recognition of deferred tax liabilities due to the temporary differences regarding the M&P oil and gas assets.

Long-Term Liabilities - Less Current Component

Long-term liabilities - less current component achieved USD 2,085 million, up 14.5% from USD 1,821 million recorded in 2016, which was primarily attributable to the additional corporate loan drawdown from The Bank of Tokyo - Mitsubishi UFJ, Ltd. (syndicated loan) of USD 676 million. Conversely, there was a repayment of corporate loan to BNP Paribas Investment Partners (syndicated loans) of USD 385 million

Long-Term Liabilities - Current Portion

Long-term current liabilities amounted to USD 366 million, down 36.2% from USD 573 million recorded in the previous year, which was mainly attributable to the repayment of a Corporate Loan to BNP Paribas Investment Partners (loan syndication) of USD 384 million. Conversely, there was an additional loan withdrawal from The Bank of Tokyo - Mitsubishi UFJ, Ltd. (syndicated loan) loan of USD 155 million.

Other Payables

Other payables amounted to USD 911 million, up 23.3% from USD 739 million recorded in 2016. This was primarily attributable to an increase in other payables due to the shares acquisition of M&P and the addition of a participating interest in the Offshore North West Java (ONWJ) block. In 2017, Pertamina through PIEP acquired M&P shares: placing PIEP as the majority owner and having full control of M&P. ONWJ block is a termination block whereby Pertamina through its subsidiary PT Pertamina Hulu Energi (PHE) has gained an additional participating interest up from 58.3% to 100% in 2017.

Employee Benefits Liabilities

Employee benefits liabilities amounted to USD 2,099 million, up 6.9% from USD 1,964 million recorded in 2016. This was largely attributable to an increase in the number of workers in Pertamina for 2017.

Provision for Demolition and Restoration

The provision for demolition and restoration amounted to USD 2,040 million, up 11.8% from USD 1,824 million recorded in 2016. This was mainly attributable to an increase in Pertamina's participating interest in the ONVJ block from 58.3% to 100% in 2017 and taking on full control of M&P.

EQUITY

Total Equity as of 31st December 2017, was registered at USD 23,826 million, up 7.9% from USD 22,075 million as of 31st December 2016.

Table: Equity (In million USD)

Description	(%)	2017	2016	2015	2014	2013
	(A-B)/B	A	B	C	D	E
Share capital	0.0	13,420	13,420	9,868	9,869	9,869
Capital advance payment	-	-	-	3,552	-	-
Equity accounts adjustment	-	-	-	-	(2,648)	(2,648)
Unassigned Government Assistance	0.0	1	1	1	1	1
Other equity components	-26.6	488	665	730	997	1,046
Profit Balance	21.0	9,411	7,779	5,131	10,393	9,819
Non-controlling interests	140.7	506	210	193	203	76
EQUITY	7.9	23,826	22,075	19,475	18,815	18,164

An increase in equity occurred due to an increase in retained earnings, which was attributable to the owner of the Parent Company. The share capital at end of 2017 amounted to USD 13,420 million, unchanged from the previous year. Other equity components are mainly resulting impacts from consolidating the opening balance of M&P non-controlling interests and the re-evaluation of return on the Net Defined Benefit Liability.

CASH FLOW STATEMENT

In 2017, Pertamina registered a positive cash flow from operating activities, amounting to USD 3,578 million. Investment activities contributed to a reduction in cash flows of USD 2,130 million, and cash flows for funding totalled USD 1,461 million.

Table: Arus Kas (In million USD)

Description	(%)	2017	2016	2015	2014	2013
	(A-B)/B	A	B	C	D	E
Net cash flows generated from operating activities	54.6	3,578	7,875	7,425	4,211	2,512
Net cash flows used for investing activities	-2.0	(2,130)	(2,089)	(3,363)	(5,714)	(6,006)
Net cash flows generated from financing activities	60.0	(1,461)	(3,652)	(4,431)	623	4,086
(Decrease) increase in net cash and cash equivalents	100.6	(13)	2,135	(370)	(880)	592
Effect of exchange rate changes on cash and cash equivalents	244.5	(20)	13	(158)	(57)	(218)
Cash and cash equivalents balance at the beginning of the year	-69.0	5,259	3,111	3,639	4,576	4,202
Cash and cash equivalents at the end of the year	0.6	5,226	5,259	3,111	3,639	4,576

Cash Flow from Operating Activities

Net cash flows generated from operating activities throughout 2017 were lower by USD 4,297 million as compared to 2016. This was largely attributable to a reduction in cash receipts from customers primarily as a result in the application of the selling price of certain types of Oil Fuel (JBT) and types of Oil Fuel Special Assignment (JBKP). Conversely, there was also an increase in cash payments to the government through the opponent's value due to the increase in average of the ICP in 2017.

Cash Flows from Investing Activities

Net cash flows used for investment activities throughout 2017 were higher by USD 41 million as compared to 2016. This was largely attributable to an increase in fixed assets, oil, gas and geothermal assets and additional participating interests.

Cash Flows from Financing Activities

Cash flows from financing activities in 2017 were lower by USD 2,191 million as compared to 2016. This was primarily attributable to short-term loan drawdowns.

FINANCIAL RATIOS

Financial Aspect	Unit	2017*		Actual vs Target	
		Target	Actual	3 = (2-1)	4 = (3:1)
		1	2		
Return on Equity (RoE)	%	11.73	15.75	4.02	34.3%
Return on Investment (RoI)	%	12.86	13.58	0.72	5.6%
Cash Ratio	%	32.10	58.12	26.02	81.1%
Current Ratio	%	166.13	183.57	17.45	10.5%
Billing Period	Days	55	38	(17)	-30.9%
Inventory Turnover	Days	49	51	2	4.0%
Total Asset Turn Over (TATO)	%	88.87	93.40	4.53	5.1%
Total Equity (TMS) to Total Assets	%	39.08	42.69	3.61	9.2%

Return on Equity (ROE)

Pertamina's RoE in 2017 achieved 15.75%, this is above the 2017 Corporate Budget Plan of 11.73%. RoE is one of the Profitability Ratios used to measure the Company's ability to generate profits.

Return on Investment (ROI)

Pertamina's RoI in 2017 13.58%, above the 2017 Corporate Budget Plan of 12.86%. RoI, as comparison between EBITDA and Employed Capital, is applied to analyze the balance between profit and the funds invested for the Company's operations.

Cash Ratio

Pertamina's cash ratio in 2017 amounted to 55.05%, this is above the 2017 Corporate Budget Plan of 32.10%. The cash ratio is derived from the comparison of cash and cash equivalents plus short-term investments with short-term liabilities.

Current Ratio

The current ratio of Pertamina in 2017 amounted to 183.57%, this is above the 2017 Corporate Budget Plan of 166.13%. The current ratio is one where the liquidity ratios are applied to measure how well the Company's current assets can be used to pay off short-term liabilities.

Billing Period

Pertamina's billing period in 2017 was 38 (thirty eight) days, 17 days earlier than the 2017 Corporate Budget Work Plan of 55 (fifty five) days.

Inventory Turnover

Pertamina's inventory turnover in 2017 was 51 (fifty one) days, 3 (three) days over the 2017 Corporate Work Plan Budget of 49 (forty-nine) days. This was mainly influenced by an increase in inventory value, which was attributable to an increase in the average ICP and Published Oil price, for the November-December period in 2017.

Total Asset Turn Over (TATO)

The total asset turnover of Pertamina in 2017 was 93.40%, this is above the 2017 Corporate Budget Plan of 88.87%.

Total Equity (TMS) to Total Assets

Pertamina's total equity to total assets in 2017 amounted to 42.69%, this is higher than the 2017 Corporate Budget Plan of 39.08%.

2017 TARGET ACHIEVEMENT

In 2017, Pertamina recorded a net profit of USD 2,540 million, which was 123.2% above the target. Sales and other operating revenues amounted to USD 42,959 million, achieving 101.1% of the target of USD 42,480 million. The cost of direct sales and other direct expenses amounted to USD 35,445 million, which was an achievement of 99.9% of the target at USD 35,494 million. Cost of goods sold amounted to USD 31,118 million, achieving 102.3% of the target at USD 30,432 million. This was largely attributable to an increase in the ICP and higher published oil prices in 2017 as compared to the target. The actual other direct expenses achieved 85.5% of the target.

On 31st December 2017, Pertamina's total assets amounted to USD 51,214 million or 100.8% of the target, total liabilities at USD 27,387 million or 99.4% of the target and total equity at USD 23,826 million or 102.5% of the target. Pertamina's financial position in 2017 signified that the Company is in good condition.

Pertamina's Capital Expenditure for 2017 amounted to USD 3,727 million, achieving 83.7% of the USD 4,451 million target. This is in line with the Company's strategy set out in Pertamina's Long Term Plan (RJPP), where the Joint Venture and Acquisition components are an important part of the investments both at domestically and abroad while remaining prudent regarding the economic viability of the projects.

The comparison between the financial performance of 2017 and the targets set out in the 2017 Corporate Budget Plan are as follows:

Dalam juta USD

No.	Description	Target 2017	Actual 2017	Achievements (%)
I Income Statement				
1	Sales and other operating revenues	42,480	42,959	101.1
2	Overhead/Expenses	35,494	35,445	99.5
3	Gross profit	6,986	7,514	109.7
4	Net profit	2,062	2,540	123.2
5	Total comprehensive income for the current year	2,062	2,407	116.7
II Financial Position Statement				
1	Total assets	50,794	51,214	100.8
2	Total Liabilities	27,550	27,387	99.4
3	Total Equity	23,244	23,827	102.5
III Capital Expenditure		4,451	3,727	83.7

2018 TARGETS

Pertamina has accepted the operational and financial targets set out in the Company's Budget Work Plan (RKAP) for 2018, which was approved by the Shareholders.

For the upstream sector, oil and gas production in 2018 is targeted at 930 thousand barrels of oil equivalent per day, consisting of 400 thousand barrels of oil per day and 3.069 bscfd of gas, representing growth of 34 percent as compared to 2017. Oil and gas production in 2017 amounted to 693 thousand barrels of oil equivalent per day consisting of 334 thousand barrels of oil per day and 2.08 bscfd of gas. Meanwhile, the 2018 production of geothermal gas steam electrical power equivalent is targeted at 4,350 GWh, representing growth of 10% as compared to the 2017 achievement of 3,900 GWh.

In the Refinery sector, Pertamina will continue to eradicate unscheduled down time and bolster the yield of valuable product. The yield of valuable product in the 2018 Corporate Budget Plan (RKAP) is targeted to achieve around 78.41%.

The Refinery and Petrochemical Megaproject plan consists of several priority projects including the construction of the New Grass Root Refinery (NGRR), revamping of old refineries, RDMP Refinery Unit V Balikpapan, Balongan RDMP Refinery Unit VI, RDMP Refinery Unit IV Cilacap. These projects are in response, to the strategic challenges of maintaining the overall sustainability of the processing business into the future, and is the means by which Pertamina will become the Asian Energy Champion for 2025, where one of its pillars is to place the Pertamina refineries as world-class and the most competitive refineries with performances in the top quartile.

Pertamina's Marketing Division aims to maintain the non-subsidized fuel sales volume at 55.39 million kiloliters with an enhanced quality of service. Pertamina continues to promote the Government's One Price Fuel program and the distribution of LPG 3 kg bottles are on target, including setting up the necessary infrastructure.

Pertamina's Gas Division has targeted an LNG sales volume of 490.36 million MMBTU and a CNG sales volume of 47.16 thousand KLSP. In 2018, Pertamina will focus on completing the Gresik-Semarang open-air gas transmission pipeline (271 km), Gresik-Pusri Pipeline and several other Distribution infrastructure constructions across both Sumatra and Java.

To carry out various projects and to achieve operational targets, Pertamina has prepared Capital Expenditure of approximately USD 5.79 billion.

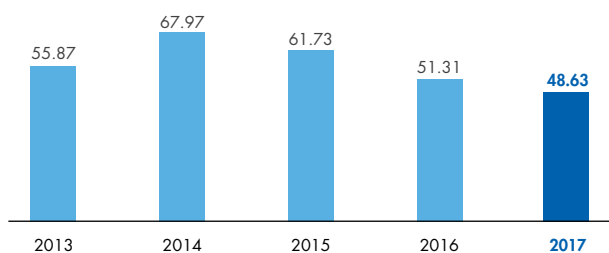
ABILITY TO REPAY DEBT AND RECEIVABLES COLLECTIBILITY RATE

Ability to Repay Debt

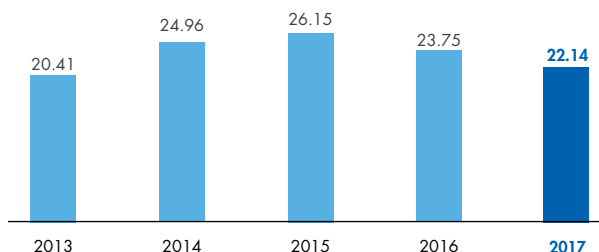
In general, Pertamina's liabilities throughout 2017 remained well under control. There was a drop in current ratio from 200.33% in 2016 to 183.57% recorded in 2017. The lowering in the current ratio of 16.73% was attributable to an increment in trade payables due to the ICP's average price upsurge in 2017 as compared to 2016. Overall, Pertamina remains able to maintain the stability of short-term debt and increase the ratio of current assets to short-term debt to ensure the guaranteed repayment of debt, which will mature in the next 12 months.

Pertamina's ability to meet its long-term liabilities is demonstrated by its long-term liabilities to equity ratio and to total assets exhibiting a decrease reflecting the increasing ability of Pertamina's financing ability to settle its long-term liabilities.

Graph of Long-Term Liabilities to Pertamina's Equity in the Last 5 Years Ratios (Percentage)



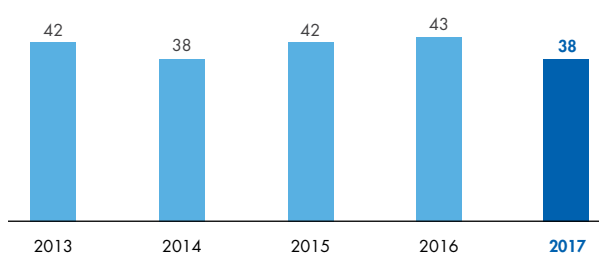
Graph of Long-Term Liabilities to Pertamina's Total Assets in the Last 5 Years Ratios (Percentage)



Collectibility Rate of Receivables

In 2017, the collectibility of Pertamina's receivables was 38 days on average, 5 days sooner than the collectibility rate in 2016; this was largely attributable to a reduction in trade receivables and an increase operating revenues. The collectibility of Pertamina's receivables over the last 5 years is shown in the following graph.

Graph of Pertamina's Receivables Collectibility Rate over the last 5 years (In Days)



CAPITAL STRUCTURE AND MANAGEMENT POLICY ON CAPITAL STRUCTURE

Capital Structure

Pertamina's capital structure consists of ordinary share capital, retained earnings, non-controlling interests, and other equity constituents. The following table presents the data on Pertamina's capital structure spanning the past 3 years.

Table: Pertamina's Capital Structure During the Past 3 Years

Description	2017		2016		2015	
	Million USD	%	Million USD	%	Million USD	%
Liabilities						
Short-Term liabilities	9,417	18.4	8,107	17.2	8,547	18.8
Long-Term Liabilities	17,970	35.1	17,051	36.1	17,497	38.4
Equity*	23,320	45.5	21,864	46.3	19,282	42.4
Non-controlling interests	506	1.0	210	0.4	193	0.4
Total	51,214	100.0	47,233	100.0	45,519	100.0

* Equity does not include non-controlling interest (NCI)

Referring to the Company's Budget Work Plan 2017, Pertamina is expected to maintain its capital structure with a non-controlling interest (NCI) of USD 23,023 million or 45.3%, as compared to total liabilities and equity. Equity outside Non Controlling Interests (NCI) in 2017 amounted to USD 23,320 million or 45.5% of total liabilities and equity. This indicates the attainment of profits in accordance with 2017's stipulated target.

The following table presents data regarding the actual equity for Pertamina in 2017 as compared to the 2017 target and the actuals of 2013-2016.

Description	Target 2017	Actual 2017	Actual 2016	Actual 2015	Actual 2014	Actual 2013
	Million USD	Million USD	Million USD	Million USD	Million USD	Million USD
Equity*	23,023	23,320	21,864	19,282	18,612	18,088

*Equity does not include non-controlling interest (NCI)

Management Policy on Capital Structure

In an endeavor to maintain the trust of the Government, investors, creditors and market players in the long term, Pertamina's Board of Directors policy continues to always maintain a strong capital base. The management policy regarding capital structure also considers business conditions, return on capital, or dividends disbursed.

The Basis of Management Policy Choice on Capital Structure

Pertamina monitors capital based on ratio of total debt to capital. Net debt is calculated from the loan amount, both short-term and long-term loans with interest, while capital is calculated from the equity in the consolidated statements of the financial position.

MATERIAL COMMITMENTS FOR INVESTMENT OF CAPITAL GOODS

Regarding investment in capital goods, Pertamina conducts a number of material engagements with strategic partners possessing both financial and competence capabilities, in particular for the construction and revitalization of refineries. Some engagement agreements entered into in 2017 are as follows:

No.	Description	Project	
		Calcliner Plant	TDAE Plant
1	Contracting party	Pertamina (75%) Inalum (25%)	Pertamina (52%) Repsol (48%)
2	Project Objectives	To process green petroleum coke products into calcined petroleum coke (enhance added value) and eliminating the environmental impact caused by any green coke buildup	To process the aromatic extract from the Cilacap refinery into a higher-value product (treated distillate aromatic extract) as raw material for tyres complying with global specifications
3	Source of funds	<ul style="list-style-type: none"> Equity sponsorship (either cash or loan) Project financing 	<ul style="list-style-type: none"> Equity sponsorship (either cash or loan)
4	Denomination Currency	<ul style="list-style-type: none"> IDR (salaries, feedstock and product transactions, capital goods) US Dollar (capital goods) 	<ul style="list-style-type: none"> IDR (salaries, feedstock and product transactions, capital goods) US Dollar (capital goods)
5	Project Progress (as of 21 st Dec 2017)	Finalize Head of Agreement with PT Inalum	Finalize binding agreement
6	Project Targets	EPC: Mid 2018 Onstream: 2019	Engineering: 2018 EPC: 2019 Onstream: 2022

REALIZATION OF CAPITAL GOODS INVESTMENT IN 2017

In 2017, Pertamina's business development capital expenditures in the fixed assets category achieved USD 2.52 billion, 9% lower than 2016's investment. Compared to the Company's 2017 Budget Plan of USD 3.05 billion, the fulfillment of capital goods investment achieved 83.0% of the target. The total investment of USD 1.64 billion was mostly allocated to Pertamina's Directorate of Upstream. In 2017, All capital goods funding investment was derived from both internal and external sources.

Table: Fixed Assets Investment for Business Development 2017

No.	Directorate	Investment Objectives	Target 2017 (million USD)	Actual 2017 (million USD)	Actual 2016 (million USD)
1	Directorate of Upstream	Geothermal development, oil and gas project development and acquisition of oil and gas projects	1,715	1,642	628
2	Directorate of Refinery	Refinery development	43	26	116
3	Directorate of Marketing	Construction of the LPG and DPPU Terminal, TBBM development and gas station construction and establishment of a shipping subsidiary	410	202	155
4	Directorate of MegaProject PP	Development of new refineries	375	334	0
5	Directorate of Gas, New and Renewable Energy	Construction of gas pipelines, gas distribution networks to households, industries, and Gas Fueling Stations (SPBG).	317	141	153
6	Directorate of Human Resources and General Affairs	Construction of gas pipelines, gas distribution networks to households, industries, and Gas Fueling Stations (SPBG).	0	0	-
7	Directorate of Asset Management	Construction of gas pipelines, gas distribution networks to households, industries, and Gas Fueling Stations (SPBG).	111	111	0
8	Directorate of Finance	Construction of gas pipelines, gas distribution networks to households, industries, and Gas Fueling Stations (SPBG).	125	89	0
	Total		3,052	2,520	1,107

INFORMATION AND MATERIAL FACTS OCCURRING AFTER ACCOUNTANT'S REPORT DATE OF ISSUANCE

No information and material facts occurred after the date of the accountant's report.

DIVIDEND POLICY

Pertamina's dividend policy to the Government refers to the resolutions of the General Meeting of Shareholders (GMS) while constantly taking into account the financing requirements for the Company's expansion.

The General Meeting of Shareholders on 16th March 2017, decided for Pertamina to pay dividends for 2016 amounting to Rp12.1 trillion with a dividend payout ratio of 29%. The obligations have been fully paid to the government.

In 2016, the General Meeting of Shareholders determined the dividend on net profit of 2015 on 31st May 2016, amounting to Rp6.8 trillion with 36% dividend payout ratio, which has been fully paid by Pertamina to the government.

In 2015, the General Meeting of Shareholders determined the dividend on net profit 2014 on 29th April 2015, amounting to Rp6.25 trillion with a dividend payout ratio of 35%, which has been fully paid by Pertamina to the government.

Table: Pertamina's dividend payout for fiscal year 2014-2016

Description	Based on the Annual General Meeting of Shareholders					
	2016	Date of Payment	2015	Date of Payment	2014	Date of Payment
Dividend Payout Ratio	29%		36%		35%	
Total Dividend According to the AGM (million USD)	12,103,431		6,800,000		6,250,000	
Number of Shares	133,090,697		133,090,697		83,090,697	
Dividend per Share (Rp)	90,941		51,093		75,219	
Realized amount (million USD)	12,103,431		6,800,000		6,250,000	
Interim dividend payout	500,000	06/12/2016				
Payment I	3,025,858	13/04/2017	1,700,000	29/06/2016	1,750,000	29/05/2015
Payment II	1,715,515	16/05/2017	1,700,000	29/07/2016	800,000	29/06/2015
Payment III	1,715,515	14/07/2017	1,700,000	31/08/2016	800,000	29/07/2015
Payment IV	1,715,515	15/09/2017	1,700,000	30/09/2016	1,500,000	28/08/2015
Payment V	1,715,515	16/10/2017			1,400,000	29/09/2015
Payment VI	1,715,515	16/11/2017				
Remaining Unpaid Amount	-		-		-	

EMPLOYEE AND/OR MANAGEMENT STOCK OWNERSHIP PROGRAM (ESOP/MSOP)

Pertamina is a State Owned Enterprise (BUMN) whose shares are wholly owned by the government. Consequently, Pertamina does not have any employee and/or management share ownership program (ESOP/MSOP).

REALIZATION OF THE USE OF PROCEEDS FROM PUBLIC OFFERINGS

As a State Owned Enterprise, all of Pertamina's shares are owned by the State and its shares are not traded on the stock exchange

INFORMATION ON MATERIAL TRANSACTIONS CONTAINING CONFLICT OF INTEREST AND/OR TRANSACTIONS WITH AFFILIATED PARTIES

Material Transaction Information Containing Conflict of Interest

There were no conflict of interest transactions in 2017.

Material Transaction Information with Affiliated Parties

Pertamina has a policy to disclose and present transactional information with Related Parties in accordance with the Statement of Financial Accounting Standards 7 Related Party Disclosures. Related Party refers to shareholders, entities having a relationships with the government whether government institutions or government-controlled entities, key management, associated companies, joint venture companies.

All material transactions and balances with related parties are disclosed in the notes of the consolidated financial statements. Disclosure of balances and transactions with related parties can be observed in the notes to the financial statements for cash, accounts receivable, investment and debt. Disclosures in Note 40 describe specifically the balances and transactions with these related parties.

In 2017, the outstanding balance of sales and other business income from related parties totaled USD 7.67 billion or 18% of total sales and other operating revenues throughout the reporting period.

Tabel: Investasi Aktiva Tetap untuk Pengembangan Usaha Tahun 2016

Description	2017 (million USD)	2016 (million USD)	2015 (million USD)
Domestic Sales			
Related entities with the Government	3,615	3,069	5,547
Shareholders	401	356	333
Associated Companies	0.7	5	33
Subsidies Compensation from Shareholders	3,572	2,569	3,187
Export Sales of Crude Oil to Associated Companies	-	-	19
Remuneration of Marketing Services from Shareholders	25	(257)	23
Operating Income from Government Entities	53	103	109
Total Sales to Related Parties	7,667	5,846	9,251
Percentage of Total Sales (in Percent)	18%	16%	22%

AMENDMENT IN LEGISLATIONS

Throughout 2017, there were several legislations issued or entered into force related to the oil and gas sector, which has the potential to have an impact on Pertamina's business continuity. The following table presents the changes in legislations and any implications on Pertamina:

No	Regulation	Impact to Pertamina
1	Regulation of the Minister of Energy and Mineral Resources of the Republic of Indonesia Number 08 of 2017 regarding Gross Split Revenue Contracts	<ol style="list-style-type: none"> No more cost recovery schemes (Cost Recovery). Portion received by the Contractor and the State may change depending on the results of the evaluation of variable components and progressive components.
2.	Regulation of the Supreme Court of the Republic of Indonesia (PERMA) Number 13 of 2016 regarding Procedures for Handling Criminal Cases by Corporations	Management shall execute its duties by further enhancing the prudential principle, in the interest of the Company, in accordance with the purposes and objectives of the Company, and shall be within the limits of the management and the Company's authority to prevent the Company from engaging in any corporate crime.
3	Regulation of KPK Number 7/2016 concerning Procedures for Registration, Announcement and Inspection of State Official Property and Circular on Corruption Eradication Commission Number SE-08/01/10/2016 on Technical Guidelines for Delivery and Management of LHKPN After the Regulation of the Corruption Eradication Commission Number 7/2016 put into force regarding the Procedures for Registration, Declaration and Inspection of State Administrators' Property	<p>Pertamina must issue or amend Regulations related to the State Administration Wealth Report no later than 30th June 2017, with the following scope of material:</p> <ol style="list-style-type: none"> Adjust the provisions of the State Administrators' Wealth Report (LHKPN) by referring to KPK Regulation No. 7/2016, especially regarding the stipulation of officials/officers required to report assets and the period of reporting of assets. Establish the State Administrators' Asset Report Management Unit and designate the Structural Officer as the Unit Coordinator responsible for the management activities of the State Asset Administrators' Report. Arrange the form and type of administrative sanctions for the Obligatory State Asset Reporter who fails to report, does not declare or is unwilling that his/her assets are examined in accordance with the applicable provisions.
4	Regulation of the Government of the Republic of Indonesia Number 72 of 2016 regarding Amendment to Government Regulation Number 44 of 2005 concerning Procedure of Participation and Administration of State Capital at State-Owned Enterprises and Limited Liability Company	<p>Revised Government Regulation:</p> <ol style="list-style-type: none"> Becomes the basis for the Government in restructuring State-Owned Enterprises including the establishment of holding companies Requires the State to continue to hold shares with the privileges of a State-Owned Company or Limited Liability Company whose shares are transferred to a State-owned Enterprise or Limited Liability Company receiving this capital and these preferred shares, which can not be transferred to any other party Affirms the participation of the State's capital through a State's share in a State-Owned Enterprise or Limited Liability Company as a State-Owned Enterprise or Limited Liability Company, so that the authorized capital stock deposited by the Government in a State-Owned Enterprise or Limited Liability Company shall be increased.
5	Regulation of the Minister of Energy and Mineral Resources of the Republic of Indonesia Number 10 of 2017 concerning the Fundamentals in the Power Purchase Agreement (PPA)	<p>Business Entity as the seller must submit a project implementation guarantee to the State Electricity Company (performance security) consisting of:</p> <ol style="list-style-type: none"> Guarantee phase 1 to ensure the achievement of the stage of funding capabilities applicable since the signing of PJBL until the ability to fund date (financing date); Warranty phase 2 to ensure the achievement of commissioning time applicable since the signing of PJBL up to commissioning time; Guarantee stage 3 to ensure the achievement of CoD implementation is effective from the signing of PJBL to the implementation of CoD. <p>The three project implementation guarantees mentioned above must be submitted at the latest during the signing of PJBL.</p>
6	Regulation of the Minister of Energy and Mineral Resources No. 11 of 2017 regarding Natural Gas Utilization for Power Plant	<p>With the provision in the Regulation of the Minister of Energy and Mineral Resources No. 10 of 2017 regarding the Principles of Sale and Purchase of Electricity Agreement stating the term of the Sale and Purchase Agreement of Electricity can be up to 30 years, the State Electricity Company (PLN) and Power Generation Business Entities may require the Contractor or Business License Holder of Gas Natural Gas Business License to ensure the availability of gas allocation/supply for 30 years.</p> <p>Furthermore, the Contractor or Business Entity Holder of Gas Natural Gas Business license can submit 30 years of natural gas allocation/supply to the Minister of EMR cq.SKK Migas.</p>
7	Regulation of the Minister of Energy and Mineral Resources Number 26 of 2017 regarding the Mechanism of Investment Cost Recovery in Upstream Oil and Gas Business Activities	<ol style="list-style-type: none"> The provisions of this rule shall also apply to a Cooperation Contract signed before the entry into force of this regulation. In the event that Pertamina will propose to or be appointed as new Contractor, it is necessary to take into account the return of Investment Costs to be returned to the existing Contractor. These Investment Cost Returns cannot affect the profit sharing calculation of the Gross Split Revenue Contract.
8	Regulation of the Minister of Environment and Forestry of the Republic of Indonesia No. P.20/MENLH/Setjen/Kum.1/3/2017 regarding New Types of Motor Vehicles' Gas Emission Standards Category M, Category N, and Category O	<ol style="list-style-type: none"> Pertamina must prepare petroleum that meets the requirements stipulated in this Ministerial Regulation, but with due observance of Presidential Regulation No. 191 of 2014 regarding the Supply, Distribution and Sales Price of Retail Fuel Oil and market demands. Pertamina must coordinate with the Ministry of Energy and Mineral Resources and the Ministry of Environment related to the determination of specific fuel specification, specifically the fuel type that constitutes the government's assignment to Pertamina. Regarding the procurement of company vehicles, consideration shall be given regarding the specifications of vehicles in meeting the provisions concerning the quality standards of exhaust emissions as contained in this Ministerial Regulation.

No	Regulation	Impact to Pertamina
9	Government Regulation in Lieu of Law of the Republic of Indonesia Number 1 of 2017 regarding Access to Financial Information for Taxation Interests	The Directorate General of Taxes may access Pertamina's financial data at the hands of the Financial Services Institution. Therefore, Pertamina must be more cautious in presenting any financial information report for tax purposes correctly because under Article 7 (3): Any person who fabricates false statements or is involved in hiding or subtracting information from the actual information to be submitted in the report may be subject to criminal sanctions or fines.
10	Regulation of the Government of the Republic of Indonesia Number 27 of 2017 concerning the Amendment to Government Regulation Number 79 of 2010 concerning Refundable Operating Costs and the Treatment of Income Taxes in Upstream Oil and Gas Business	<ol style="list-style-type: none"> In this Government Regulation affirms: <ol style="list-style-type: none"> Cost Sharing is not subject to Income Tax and VAT Refundable operating expenses consist of: <ol style="list-style-type: none"> Costs associated with gas processing activities up to the point of delivery. Community and environmental development costs incurred during the exploration and exploitation period. Employee income tax covered by the contractor paid as a tax allowance. Certain costs that exceed 10% of the value of the authorization of financial expenditure in so far as they comply with the stipulated requirements and procedures <ol style="list-style-type: none"> Incentives are not limited to investment credit but can include tax incentives and DMO Holiday Non-refundable Operating Fee The Minister may determine the calculation of depreciation to be different from that stipulated in the Government Regulation. Income tax on FTP shall be imposed only if the accumulated FTP of the contractor is greater than the remaining operating cost, which has not been returned. The monthly tax installment payment is calculated on the taxable income of the actual lifting of the contractor's part in a calendar month. In the case of a cost recovery contract that will be in accordance with the provisions of this Government Regulation, Pertamina has until 18th December 2017.
11	Regulation of the Minister of Energy and Mineral Resources of the Republic of Indonesia Number 38 of 2017 concerning Safety Inspection of Installations and Equipment on Oil and Gas Business Activities	<ol style="list-style-type: none"> This Ministerial Regulation incorporates the Regulations concerning the obligations of construction feasibility certificates for offshore oil and gas platforms, regulations concerning the safety inspection of installations and equipment and the determination of the implementation of terra and the re-calibration of measuring equipment, measuring instruments, scales accessories and equipment (UTTP) used in oil and gas activities. Prior to any undertaking in the development, addition, and/or change of Installations, Pertamina (as the Contractor or License Holder) shall obtain Design Approval from the Director General of Oil and Gas. Application for extension of SKPP, SKPI, and permit of use, approval of use and/or certification for offshore platform construction feasibility that will expire soon must comply with this Regulation. The installation of and/or equipment used in oil and gas mining operations, if it has exceeded the designed service life limit, it may continue to be used after the Residual Life Assessment (RLA) and is projected to extend the service life. Regarding appliances, which have completed their extension of service, life inspection shall be conducted and further Safety Inspections in accordance with the provisions in this Ministerial Regulation. It is necessary to adjust the System of Work Procedures related to the safety aspects of installations and equipment within Pertamina.
12	Regulation of the Minister of Energy and Mineral Resources of the Republic of Indonesia Number 40 of 2017 concerning Delegation of Authority to Grant Licensing of Oil and Gas Business Activity to the Head of Investment Coordinating Board cq Regulation of the Minister of Energy and Mineral Resources of the Republic of Indonesia Number 29 of 2017 regarding Oil and Gas Business Licensing	<ol style="list-style-type: none"> Holders of oil and natural gas business licenses for general trading activities conducting business activities of certain types of petroleum shall obtain the appointment of certain commercial fuel distribution areas from BPH Migas prior commencing their business activities. In principle, this regulation regulates the delegation of authority of the Minister of Energy and Mineral Resources to the Head of BKPM concerning the permit previously set in the 3rd Regulation of the Minister of Energy and Mineral Resources.
13	Presidential Regulation (PerPres) Number 58 of 2017 regarding the Amendment of Presidential Regulation Number 3 of 2016 regarding the Implementation in Acceleration of National Strategic Projects	<p>Based on Presidential Regulation No. 58 of 2017, there are several LPG/CNG Terminal Projects as set forth in the Attachment of Presidential Regulation 3 of 2016 which is not on the PSN list, including the following:</p> <ol style="list-style-type: none"> Construction of the Banten LPG terminal capacity 1,000,000 2 ton/year; Construction of the Belawan gas pipeline - Sei Mangkei capacity of 75 mmscfd (139.24 km in length); Construction of LNG mini refinery and LNG-LNCG station on Java Island. <p>The Provincial Governor shall determine determination of land allocation for PSN.</p>
14	Regulation of the Minister of Energy and Mineral Resources of the Republic of Indonesia Number 52 of 2017 regarding the Amendment to Regulation of the Minister of Energy and Mineral Resources Number 08 of 2017 concerning Gross Split Production Sharing Contract	<ol style="list-style-type: none"> Basically in a gross split contract, the profit share is set for the initial result as follows: <ol style="list-style-type: none"> Petroleum 57% (State portion): 43% (contractor portion) Natural gas 52% (State portion): 48% (contractor portion) The amount of profit sharing may change based on the Minister's decision upon approval of POD, POFD, changes in oil and gas prices and commercialization of the field. The Minister may set a production bonus of 0 (zero).

No	Regulation	Impact to Pertamina
15	Regulation of the Minister of Energy and Mineral Resources of the Republic of Indonesia Number 47 of 2017 regarding the Amendment of Regulation of the Minister of Energy and Mineral Resources Number 26 of 2017 concerning the Mechanism of Investment Cost Recovery in Upstream Oil and Gas Business Activities	<ol style="list-style-type: none"> 1. This Regulation of the Minister guarantees the existing Contractor upon the recovery of upstream investment costs made within 5 years before the expiration of the contract. 2. Within this Ministerial Regulation, there has not been any form of cash/in-kind mechanism for the recovery of Investment Cost. 3. The recovery value on the Investment Cost received by the Contractor will be calculated as the operating cost of the new contractor.
16	Regulation of the Minister of State-Owned Enterprises Number PER-03/MBU/08/2017 regarding Guidelines for Cooperation with State-Owned Enterprises	<ol style="list-style-type: none"> 1. Pertamina must immediately conduct an inventory of STK and adjust the existing STK with the scope of Cooperation within the provisions of this Permen no later than 6 months since the Ministerial Regulation is enacted, including but not limited to: STK Utilization APU, Investment STK, KSO STK, KKAS STK, and STK Business Cooperation. 2. Pertamina must evaluate the cooperation plan and adjust to the provisions of this Ministerial Regulation.
17	Guidelines of the Minister of State-Owned Enterprises PER-04/MBU/09/2017 regarding the Amendment to the Regulation of the Minister of State-Owned Enterprises Guidance concerning Guidelines for Cooperation with State-Owned Enterprises	<ol style="list-style-type: none"> 1. In Ministerial Regulation 04/2017: <ol style="list-style-type: none"> a. The definition of Partners affirmed also includes State-Owned Enterprises. b. Direct Appointment is permissible in the case of partnerships between State-Owned Enterprises and/or among subsidiaries of State-Owned Enterprises and/or among affiliated companies. 1. In the EMR 04/2017 Regulation, there is no definition of affiliation. Based on the regulation of the Minister of State Owned Enterprises No.PER-2-15/MBU/2012, the definition of Affiliated Company of State-Owned Enterprises is a company whose shares are at least 90% owned by Subsidiaries of State-Owned Enterprises, or a combination of Subsidiaries of State-Owned Enterprises with another State-Owned Enterprises.

AMENDMENT OF ACCOUNTING POLICIES APPLIED BY THE COMPANY IN FINANCIAL YEAR 2017

The accounting and financial reporting policies adopted by Pertamina are in accordance with Indonesian financial accounting standards, which are in the Statement of Financial Accounting Standards ("PSAK"). These are the accounting policies applied consistently in the preparation of the consolidated financial statements for 31st December 2017 and 2016, by Pertamina.

The new standards revised from existing standards and the following interpretations have been issued and shall be applied for the first time for the financial year of Pertamina beginning on or after 1st January 2017. Pertamina has adopted it but there has been no significant impact on Pertamina's current business.

- PSAK 1 (2015 Adjustment): Presentation of Financial Statements;
- PSAK 3 (Adjustment 2016): Interim Financial Report;
- PSAK 24 (Adjustment 2016): Employee Benefits;
- PSAK 58 (2016 Adjustment): Non-current Assets Held for Sale and Discontinued Operations;
- SFAS 60 (2016 Adjustment): Financial Instruments: Disclosures;
- ISAK 31: Interpretation of the scope of PSAK 13: Investment Property.

COMPLIANCE AS TAXPAYER

One form of Pertamina's contribution to the state is realized through the fulfillment of corporate obligations as a taxpayer and as a tax deductor/collector. As a taxpayer, the Company always obeys in fulfilling its Corporate Income Tax (PPH). As a tax deductor and tax collector, the Company plays an active role in conducting the withholding and collection of any taxable object.

Tax Amount Paid

Pertamina tax payments consisting of Income Tax Deductor/Collector, Prepaid Tax, VAT Output, Custom/Import Duty and Provincial Tax up to 31st December 2017, transactions amounted to Rp75.92 trillion. When compared to the same period in 2016 amounting to Rp68.65 trillion, there was an increase of 10.6%.

Punctual Tax Payment Compliance Statement

Pertamina has paid taxes including Income Tax Deduction/Collection, VAT, Building and Land Taxes (PBB) and other local taxes within the period in accordance with prevailing taxation provisions. In addition, Pertamina has also submitted tax reporting documents, including Period of Income Returns (SPT) and VAT, Annual Income Tax Returns and other taxation liability documents to the competent tax authorities within the period in accordance with prevailing taxation provisions.

CORPORATE VALUATION/ASSESSMENT

Corporate Health Rating

The Company's health rating is measured in accordance with the guideline issued by the Minister of State-Owned Enterprises (BUMN) through the Decree of the Minister of SOE No. KEP-100/MBU/2002 dated 4th June 2002 regarding the rating of the health of State-Owned Enterprises. Pertamina's health rating in 2017 was ranked "Healthy AA" with a score of 88.52. This achievement is lower than in 2016, which achieved a score of 88.82 and also lower than the stipulated target of 89.54.

Table: Results of Pertamina's Corporate Health Level Assessment Year 2017

No.	Indicator	Units	2017			Actual 2017		
			Target	Weight	Score	Actual	Weight	Score
I. Financial Aspect								
1	ROE	%	11.73	20.00	16.00	15.75	20.00	20.00
2	ROI	%	12.86	15.00	10.50	13.58	15.00	12.00
3	Cash Ratio	%	32.10	5.00	4.00	58.12	5.00	5.00
4	Current Ratio	%	166.13	5.00	5.00	183.57	5.00	5.00
5	Collection Period	Days	55	5.00	5.00	38	5.00	5.00
6	Inventory Turn Over	Days	49	5.00	5.00	51	5.00	5.00
7	Total Asset Turn Over	%	88.87	5.00	3.50	93.40	5.00	4.00
8	Total Equity To Total Assets	%	39.08	10.00	10.00	42.69	10.00	9.00
Subtotal Financial Aspects				70.00	59.00		70.00	65.00
II. Operational Aspect								
1 Upstream								
1.1	Additional Oil and Gas Reserves P1	MMBOE	190.06	1.06	0.85	313.7	1.06	1.06
1.2	Oil and Gas Production							
1.2.1	Oil Production	MBOPD	333.83	0.53	0.43	341.7	0.53	0.53
1.2.2	Gas Production	MMSCFD	2,080.17	0.53	0.43	2,035.4	0.53	0.42
Sub Total Upstream				2.12	1.71		2.12	2.01
2 Downstream								
Refinery								
2.1.1	Yield Valuable Product on Total Intake	%	77.25	1.06	0.85	78.1	1.06	1.06
2.1.2	Plant Availability Factor	%	99.01	1.06	0.85	98.1	1.06	0.85
Marketing								
2.2.1	Market Share							
a.	Industrial Marine Petroleum	%	70.00	0.50	0.40	70.30	0.50	0.50
b.	Lubricants	%	61.00	0.50	0.40	60.00	0.50	0.40
2.2.2	Volume of PSO Distribution and Assignment	%	85-100	0.61	0.49	101.20	0.61	0.49
2.2.3	Non-PSO Petroleum Sales Volume	Million KL	45.79	0.71	0.57	44.96	0.71	0.57
2.2.4	Customer Satisfaction Index	Likert Scale	3.91	1.01	0.81	3.92	1.01	1.01
2.2.5	Realization of One Price Policy	%	90.00	0.40	0.32	100.00	0.40	0.40
Subtotal Downstream Business				5.85	4.69		5.85	5.27
3 Gas								
	Gas Sales	Thousand	1,179.33	0.71	0.57	1,364.92	0.71	0.71
Subtotal Gas Business				0.71	0.57		0.71	0.71
4 Mega Project Refinery								
4.1	Progress Milestone GRR Project	%	100.00	0.35	0.28	101.27	0.35	0.35
4.2	Progress Milestone RDMP Project	%	100.00	0.35	0.28	99.34	0.35	0.28
Subtotal of Mega project Refinery & Petrochemical Business				0.70	0.56		0.70	0.63
5 New & Renewable Energy								
	Progress of Achieving New & Renewable Energy Strategic Initiative	%	100.00	0.35	0.28	75.00	0.35	0.07
Subtotal New & Renewable Energy Business				0.35	0.28		0.35	0.07

Table: Results of Pertamina's Corporate Health Level Assessment Year 2017

No.	Indicator	Units	2017			Actual 2017		
			Target	Weight	Score	Actual	Weight	Score
6	Asset Management							
	Asset Optimization		100.00	0.36	0.29	100.45	0.36	0.36
				0.36	0.29		0.36	0.36
7	Corporate							
	6.1 Achievement of Investment Realization							
	6.1.1 Realization of ABI	%	90.00	0.76	0.61	82.75	0.76	0.38
	6.1.2 Physical Progress	%	100.00	0.76	0.61	95.38	0.76	0.61
	6.2 Management Performance Level							
	GCG Implementation Level	%	95.00	0.38	0.31	88.00	0.38	0.30
	6.3 HSSE Excellence							
	6.3.1 Number of Major Accident	#Occurrence	0.00	1.05	0.84	4.00	1.05	0.21
	6.3.2 PROPER	#Green & Gold	60.00	1.06	0.85	82.00	1.06	1.06
	6.4 HR Excellence							
	6.4.1 HR Productivity	USD Million/Worker	0.22	0.45	0.36	0.23	0.45	0.45
	6.4.2 Critical Position with Successor	%	90.00	0.45	0.36	97.46	0.45	0.45
	Subtotal Corporate Business			4.91	3.94		4.91	3.46
	Subtotal Aspects of Operations			15.00	12.04		15.00	12.52
III.	Administrative Aspect							
	Audited 2016 Annual Calculation Report	Month	4 April 2017	3.00	3.00	2 February '17	3.00	3.00
	Draft CBP 2018	Month	2 October 2017	3.00	3.00	2 October '17	3.00	3.00
	Periodic Report PKBL	Days	30.00	3.00	2.00	16.00	3.00	2.00
	a. Distribution Effectiveness	%	<80	3.00	0.00	17.21	3.00	0.00
	b. Collectability Rate of Return	%	80.00	3.00	3.00	79.42	3.00	3.00
	Subtotal Administrative Aspects			15.00	11.00		15.00	11.00
	Total Score			100.00	82.04		100.00	88.52
				HEALTHY	AA		HEALTHY	AA

Excellent Performance Assessment Criteria (KPKU)

In accordance with the Letter of the Ministry of State-Owned Enterprises (BUMN) Deputy for Business Infrastructure No.445/D7.MBU/10/2016 dated 14th October 2016, Pertamina has been complying with the Company performance assessment based on State-Owned Enterprises Excellence Performance Rating Criteria (KPKU).

The results of the assessment of the KPKU assessment was declared on 11th August 2017, and concluded that Pertamina is at the level of "Industry Leader" and had a score of 739.5.

Pertamina conducts the KPKU assessment every 2 years in accordance with the direction of the Ministry of SOEs and is validated by external assessors in order to examine the development of the organization's quality and the Company's main issues. The results of the assessment in the form of portraits of corporate performance include Leadership, Strategic Planning, Customers & Markets, Workers, Operations and the Monitoring & Evaluation of sustainable processes. The results of the assessment are followed through with Action for Improvement (AFI).

MARKETING ASPECT

Marketing Strategy

Pertamina's marketing strategy is implemented through the Marketing Directorate and consists of four main strategies:

- a. Customer Focus, which embodies the capacity and capability of world-class customer service (world-class customer service capabilities).
- b. Operational Excellence and Cost Leadership in running operations and business services by:
 - Efficiency, aimed at the competitiveness in cost of supply and supply chain operations, a lean and effective corporate center to support operations at a competitive cost, and rapid response in order to meet the demands and changes in the marketplace.
 - Excellence, with an emphasis on volume and profit contribution across all services functions, including Pertamina Head Office.
- c. Strategic Partnerships are collaborating with strategic business partners so as to fill the shortcomings in the face of competition.

The main objective of Strategic Partnerships is to enhance capability in several aspects through cooperation with world-class partners or leading companies in their respective fields relevant to Pertamina's business including synergy with Subsidiaries. Improved capabilities mainly in three areas:

- Strengthen brand image and gain access to new markets
 - Opportunity to gain new competencies
 - Efforts to optimize costs and revenues
- d. Capability Building is building a world-class organizational capability from the physical side (in the form of infrastructure development), human resources and systems. In addition, business processes will continue to be evaluated in order to achieve a lean operation forming a part of the Company's competitive advantage in improving competitiveness.

Each of the above strategies will be spelled out in the main programs of the Directorate and in every line of business.

Market Share

The Directorate of Marketing as a pioneer of transformation at Pertamina has the ambition of bringing into reality a "profitable downstream" while remaining as a market leader in the domestic market and strengthening its existence in the regional market. To achieve these aspirations, a robust strategy is required.

To achieve a profitable downstream, there are four main objectives aligned with RJPP, which include the following:

- a. Maintain the domestic business and increase profitability including PSO
- b. Strengthening presence in the overseas market
- c. Carry out operations and services with the highest level of service and efficiency
- d. Business line performance moving towards a world-class business

Based on the evaluation of Pertamina's market intelligence, until Q3/2017, Pertamina is holding a strong position in the domestic market with 70.3% market share for the industrial and marine fuel sectors, and more than 98% for the fuel retail sector. While in the petrochemical sector (bitumen, paraxylene, benzene, and propylene), Pertamina was able to control 44% of the market share for year to date September 2017. For the Retail Chemical Fuel (BBK) market, Pertamina's market share for RON 92 Chemical Fuel dominated 97% of the market year-to-date in Q3/2017. Meanwhile, for Fuel Chemical RON> 95 there was a decrease from 70.4% in 2016 to around 65% recorded for year-to-date of Third Quarter 2017. For RON 90 Chemical Fuel, Pertamina continued to remain as the market leader.

Market Penetration

In 2017, Pertamina made intensive market penetration efforts through both aggressive marketing campaigns and competitive pricing strategy. In the RON 95 line of fuel product, Pertamina is selling the RON 95 Pertamax Turbo fuel at a price below the price of its competitors RON 95 product. Pertamina is cooperation with Lamborghini in promoting Pertamax Turbo where Pertamina plays a role as a technical fuel partner for Lamborghini, which has cultivated a positive image in the eyes of consumers.

While in the Diesel fuel product line, Pertamina has been selling Diesel fuel cetane number (CN) 51, Dextrite throughout Indonesia. Until now, Dextrite is the only Diesel CN 51 fuel product in the Indonesian market. Both products have received a positive acceptance from the public and continue to make a positive contribution to Pertamina.

Product Development, Innovation and Research

In 2017, Pertamina launched a digital-based service innovation aimed at maintaining customer loyalty. The innovation is the MyPertamina Loyalty program in the form of applications and member cards. Through the application of Pertamina Loyalty, consumers can obtain information regarding the location of the nearest gas station; purchase Pertamina merchandise, loyalty points, special offers, and events. Consumers can also use the MyPertamina Loyalty Card as a means of non-cash payment and make top-ups of the balance on the card.

Pricing Policy

Pertamina is always present to serve the energy demands of Indonesians. Pertamina distributes energy spanning all corners of Indonesia so that people can benefit from Pertamina's products including the non-subsidized products at a more affordable price. Consequently, throughout 2017, Pertamina rolled out the Special Fuel (BBK) products including Peralite and Dexlite at a more affordable price in the regions.

Pertamina is fully aware that there are still many Indonesians who are not able to obtain fuel at the same price as everyone else in the country, especially in the 3T (frontier, outermost, and disadvantaged) areas. Therefore, in 2017, Pertamina Implemented the One Price Fuel Policy Program more aggressively. On 27th December 2017, Pertamina managed to distribute the One Price Fuel across 54 locations of the 3T area as was planned in early 2017. Thus, people across the 3T regions can now benefit from fuel at the same price as those in urban areas.

Regarding the LPG segment, Pertamina realizes that there are still inappropriate distribution to consumers who are benefiting from subsidized LPG, which is intended for the less fortunate members of society, who struggle to afford the purchase of the 12 Kg Bright Gas product. For that reason, in 2017 Pertamina launched the distribution of the Bright Gas 5.5 Kg that was introduced last year with a more affordable price across many regions.

Service Excellence

Throughout the 2017, Pertamina has continued to perform improvements regarding the digital-based consumer service programs so as to provide service excellence to customers. For the petrochemical business consumers, Pertamina has rolled out HostTo-Host Autocollection. Meanwhile, to increase the loyalty of retail consumers, Pertamina has launched the MyPertamina application that can be easily accessed by consumers through their smart devices.

Promotions and promotional channels

Throughout 2017, Pertamina often sponsored various events including the following:

1. Pertamina Arden: Last Round, Yas Marina, Abu Dhabi



2. Automotive Exhibition Gaikindo Indonesia International Auto Show (GIIAS) 2017



3. Pertamina Motorsport: Indonesia Sentul Series of Motorsport (ISSOM) 2017



4. Pertamina Motorsport: Super Drift Championship 2017 Series 2



7. Pertamina Almeria Racing: 7th Round, Autodrome International do Algarve, Portugal



5. Pertamina Motorsport: IXSOR Championship 2017 Series 4 & 5



8. Pertamina Motorsport: BSD Grand Prix



9. Bright Gas Cooking Competition #KulinerKhasDaerah 2017



6. Pertamina Motorsport: Final Drag Bike Grand Final 2017



PROSPECTS AND BUSINESS CONTINUITY

BUSINESS PROSPECTS

Public awareness of the importance of energy efficiency and the use of New and Renewable Energy ("EBT") as a substitute for fossil energy continues to increase. Almost every country is competing to develop technology and are issuing policies to produce clean, environmentally friendly energy sourced from New and Renewable Energy.

Based on data from the Ministry of Energy and Mineral Resources, Indonesia's current crude oil reserves are about 3.6 billion barrels. The volume of petroleum production has continued to decline from its peak of 1.6 million barrels per day in 1995, to now currently only achieving 800 thousand barrels per day. Assuming there is no new discoveries of reserves and production levels remain at the present level, Indonesia's oil reserves are projected to be exhausted within the next 12 years.

Additionally, other fossil energy sources including coal and natural gas are also dwindling. The recoverable coal reserves will be exhausted within 82 years, and gas reserves will be exhausted within the next 33 years. Indonesia must move quickly to develop the potential of New and Renewable Energy in order to reduce our dependence on fossil fuel.

Table: Potential of Indonesia's Fossil Energy (2015)

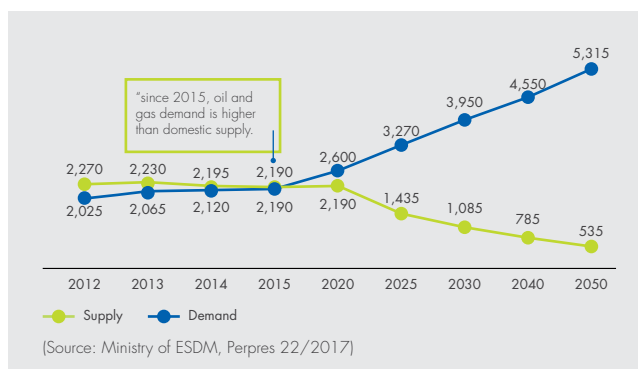
No.	Type of Energy	Resources	Reserves	Production	Remaining*
1	Crude oil	151 Billion barrels	3.6 Billion barrels	288 Million barrels	12 years
2	Natural Gas	487 TCF	98.0 TCF	3,0 TSCF	33 years
3	Coal	120.5 Billion ton	32.4 Billion ton	393 Million ton	82 years
4	CBM	453 TSCF	-	-	-
5	Shale Gas	574 TSCF	-	-	-

Note: *) Assumption if there are no discoveries of new reserves

Indonesia's Fossil Energy Reserve (2015)
(Source: Appendix of Government Regulation No. 22 of 2017 on General Plan of National Energy)

Primary Energy Mix Target

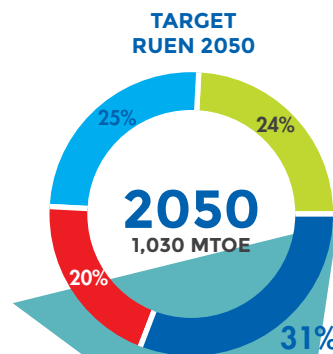
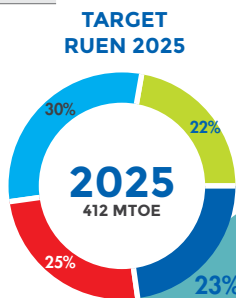
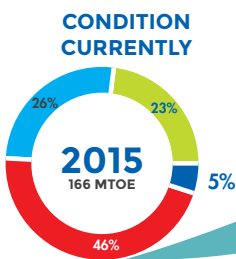
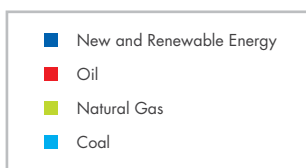
Due to the increasing rate of development and increased standard of living, energy consumption in Indonesia continues to grow from year to year. This upsurge has occurred in almost every sector, including industrial, transportation, commercial, household, power plant and many other sectors. The primary source of energy being utilized in Indonesia so far is still based on fossil energy, especially Petroleum (BBM). Since 2015, domestic demand for oil and gas has continued to rise in proportion to the declining domestic supply capabilities, which is attributable to the lack of new exploration. As a result, Indonesia is relying on imports more heavily in order to meet its energy demands.



Regarding the General Plan of National Energy (RUEN), the Government has set out national energy development priorities based on the principles of an energy economy balance, energy supply security and environmental safety. In general, the direction of Government policy is to lessen the proportion of conventional energy use (fossil) and raise the utilization of New and Renewable Energy (EBT).

In Government Regulation No. 79 of 2014 regarding the National Energy Policy (KEN), the Government has set out primary energy mix targets by 2015, 2025 and 2050 in which the proportion of New and Renewable Energy (EBT) is to increase gradually from 5% in 2015 to 23% in 2025 and 31% by 2050. Conversely, the proportion of petroleum and coal consumption is to continue on a path of further reduction.

KEN Target	2025	2050
The Role of Energy	As a capital for development	
New and Renewable Energy Mix (EBT)	23%	31%
Provider of Energy	> 400 MTOE	> 1,000 MTOE
Power Plants	> 115 GW	> 430 GW
Elasticity of Energy	< 1	< 1
Electricity/Capita/yr	2,500 kWh	7,000 kWh
Electrification Ratio	~100%	~100%



The energy mix target is a realization of the energy development priorities that have been set out in KEN (National Committee on Energy) to maximize the use of New and Renewable Energy (EBT). Once EBT is fully utilized, Petroleum is to be consumed at an absolute minimum and natural gas is to be consumed optimally, the rest of the shortfall in energy is to be supplied from coal.

The target is very rational considering the enormous potential of New and Renewable Energy (EBT) in Indonesia including geothermal, water, bioenergy, sun (solar) and wind, which are all very abundant. In total, the overall potential of EBT in Indonesia amounts to 443.2 GW while its current utilization is sitting at merely around 2% or 8.8 GW.

<p>Water, Mini/Micro Hydro Potency: 75 GW Useful: 5.286 GW (7.07%)</p>	<p>Geothermal Potency: 12.3 GW (Sumber Daya), 17.2 GW (Reserve) Useful: 1.64 GW (5.6%)</p>
<p>Sun (Solar) Potency: 207.08 GW_p Useful: 0.085 GW_p (0.04%)</p>	<p>Bioenergy Potency: 32.6 GW Useful: 1.78 GW (5.5%)</p>
<p>Wind Potency: 60.6 GW Useful: 1.1 MW_p (0.02%)</p>	<p>Sea Wave Potency: 17.9 GW Useful: 0 GW (0%)</p>

Source: Ministry of Energy and Mineral Resources

TOTAL POTENTIAL EBT: 443.2 GW
USEFUL: 8.8 GW (2%)

Pertamina's Opportunities and Challenges

Based on the basic assumptions in the 2015-2050 report that includes economic growth, population growth, and various other basic assumptions, modeling shows that the Government in order to complete energy supply in 2025 will need to achieve about 412 million tonnes of Oil Equivalent (Mtoe). The Government's top priority in the energy sector is to meet the energy demands in the transportation and power generation sectors, in addition to the industrial sectors (including raw materials), households, commercial and other sectors.

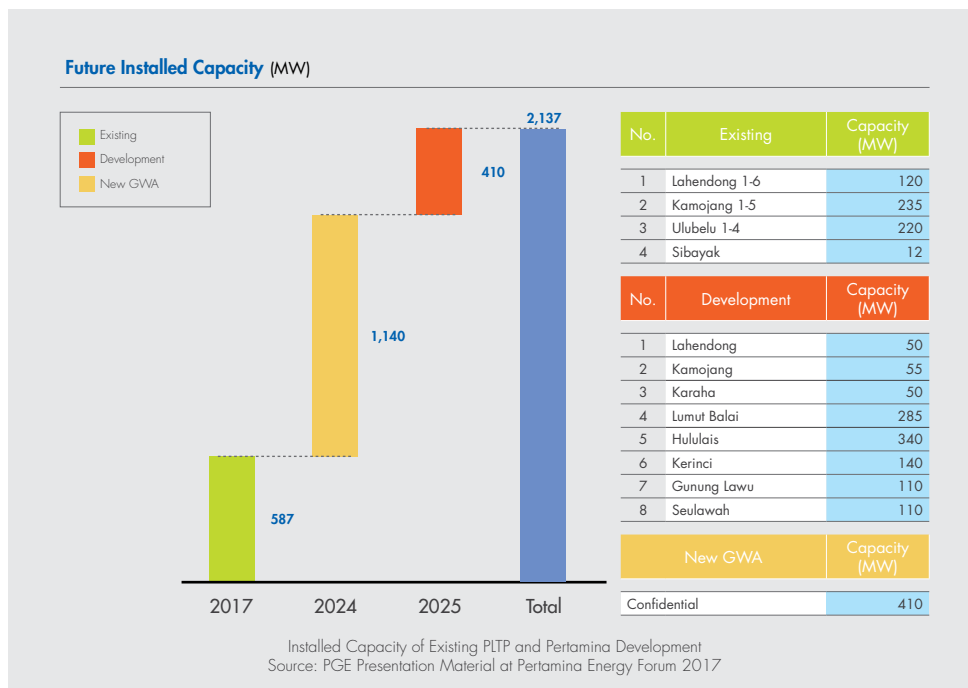
This creates an opportunity and, at the same time, a challenge for Pertamina. As a State-Owned Energy Company, Pertamina is counted on to play an active role in fostering the attainment of the energy mix target mandated by the Government through KEN, especially in bolstering the achievement of the 2025 final energy supply of Gas 90.64 MTOE (22%) and EBT 94.76 MTOE (23%). Pertamina's commitment to the development of EBT is reflected in its mission of "To carry out the Oil, Gas, and New and Renewable Energy businesses through integrated development and based on sound commercial principles."

Power Generation Sector

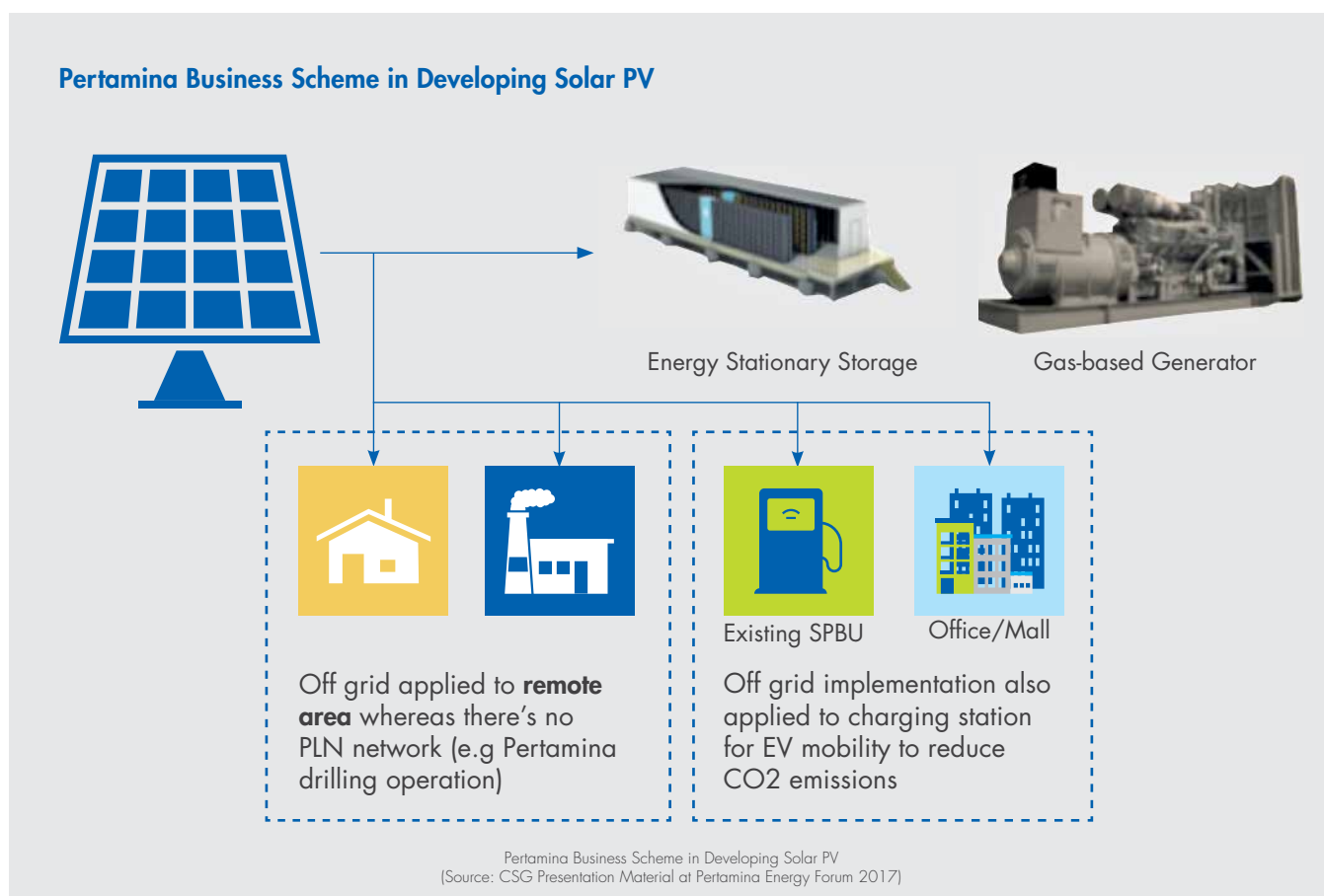
Based on the modeling results to achieve the EBT mix target, EBT power generation capacity in 2025 must achieve 45.2 GW and 167.7 GW by 2050. Of these capacities, the projected development of EBT potential has now become Pertamina's medium term EBT development focus, which is primarily geothermal and solar (solar PV) as follows:

- Geothermal development for electricity is projected at 7.2 GW in 2025 and 17.6 GW in 2050 or 59% of geothermal potential of 29.5 GW. This potential may increase as new discoveries in exploration and reserves increase.
- The development of solar power for electricity is projected to be at 6.5 GW in 2025, and 45 GW by 2050, or 22% of the solar potential of 207.9 GW. The Projection of Solar Power Generation (PLTS) is very promising considering that investment trends and electricity prices from global PLTS are getting less and less inexpensive over time, along with technological advances.

At the current development of geothermal energy, Pertamina through its subsidiary PT Pertamina Geothermal Energy (PGE) manages 14 Geothermal Working Areas (WKP) with a total installed capacity through to the end of 2017 of 587 MW (own operation) and 1,095 MW (joint operation contract). In the development of geothermal energy, PGE has contributed approximately 32% of the installed capacity of all WKP already producing in Indonesia at 1,809.5 MW. Currently, PGE is developing 8 geothermal projects with a total capacity of 1,140 MW and plans to develop an additional 410 MW so that by 2025 the total installed capacity will achieve 2,137 MW.



Through the expansion in the use of solar energy, Pertamina is currently applying the use of Solar PV systems in Pertamina's operating area and office area to meet daily electricity demands. A number of locations that are already making use of Solar PV are the Pertamina Head Office, RU IV Cilacap, PT Pelita Air Service Pondok Cabe and PT Badak NGL Bontang. The use of Solar PV will continue to expand to other Pertamina units and subsidiaries throughout Indonesia.



Transportation Sector

Technological developments in the transportation sector are intensifying the efficiency of fuel consumption. Vehicle sharing applications, low sulfur fuel provisions for bunker vessels and biofuel provisions for aviation, as well as technological developments and the introduction of electric vehicles into the market, though not yet fully implemented in Indonesia, could potentially affect the trends of future energy demands in the transportation sector.

Technological advances have enabled the use of vehicle energy sources other than Fuel Oil, like Compressed Natural Gas (CNG), hydrogen and electricity. Electric vehicles (EVs), which have been endorsed as carbon emission-free vehicles, will continue to grow in parallel with the continuing advancements in battery technology as a storage medium for electrical energy. The introduction of electric vehicles to Indonesia opens opportunities for Pertamina to develop a business that will foster the supply chain of electric vehicles.

At the World Climate Change Summit (UNFCCC COP21) in Paris in December 2015, the President of Indonesia announced Indonesia's commitment to reduce GHG emissions by 29% through its own efforts and then up to 41% with international assistance and cooperation. As a form of Pertamina's support to the Government's commitment to COP21, Pertamina will strengthen its competence in the Petrochemical sector, New and Renewable Energy, Distributed Power Generation, and Carbon Material Industry for energy storage. Pertamina also plans to enter into the battery business both in the application of stationary energy storage devices and as a form of mobile energy storage to meet the demands of Electric Vehicle energy sources.

The increasingly widespread use of Electric Vehicles in various other countries has begun to influence the Indonesian Government's policies. The Government has drafted a government regulation regarding the acceleration in the introduction of electric cars in Indonesia. Should the regulation get ratified inclusive will be the provision of tax incentives for the import of Electric Vehicles; it will potentially reduce the demand for petroleum. This will be a business opportunity for Pertamina to develop a disruptive innovation that could create a new market. Pertamina as an energy provider can provide infrastructure that supports the sustainability of Electric Vehicles by serving a reliable supply of energy from renewable energy sources via an energy storage system with stable power and frequency.

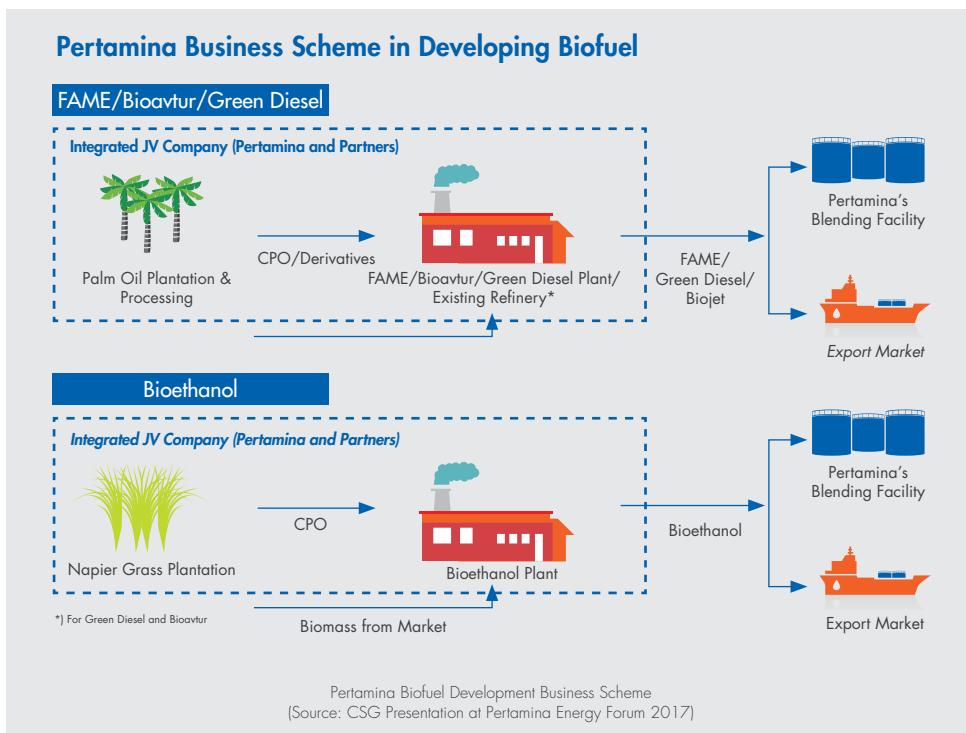
Bioenergy

Bioenergy refers to the production of biomass-based energy, both Biofuels (BBN) as liquid biodiesel processed from palm oil and bioethanol to dense biofuels including pellets or wood and other processed materials.

A number of laws and regulations including the Government Regulation No. 1 of 2006 that regulates the procurement and use of biofuels, and the Energy Act No. 30 of 2007 that governs the biofuel policy in Indonesia. In 2008, the government issued a blending mandate mixing fossil fuel with palm oil based (fatty acid methyl ester/FAME) on the Minister of Energy and Mineral Resources Regulation No. 32/2008 which has been revised by Ministerial Regulation No. 12/2015. This regulation enforces the mandatory mix of biodiesel from 10% to 15% for transportation and industrial purposes, and 25% for power generation. By 2025, the mixing of biodiesel is targeted to reach 30%.

Pertamina, which has a blending biodiesel facility, plays a key role in the successful deployment of biodiesel across Indonesia. According to the 2020 to 2025 target, the consumption of biodiesel (B30) by 2020 is projected to achieve 3.9 billion liters. In 2016, domestic biodiesel consumption (B20) achieved 2.7 billion liters.

The government continues to encourage the use of B20 biodiesel in the transportation sector. The B20 test program on trains is planned to begin in January 2018 for a period of 3 months. Along with the issue of renewable energy and the reduction of world fossil energy, biodiesel will play an important role in the future.



The challenges being faced in the energy industry across Indonesia, especially for gas and EBT are enormous. Especially for the selling price of gas and electricity sourced from EBT set out by the government. Apart from the total value of its investments, this policy greatly influences the cash in flow estimation that boils down to the economical viability in the midstream gas sector and independent power producers. Pertamina needs to synergize with the main players in its field according to its core competence and capability so that its investment will become more effective and efficient.

BUSINESS CONTINUITY

Matters Affecting Pertamina's Business Continuity

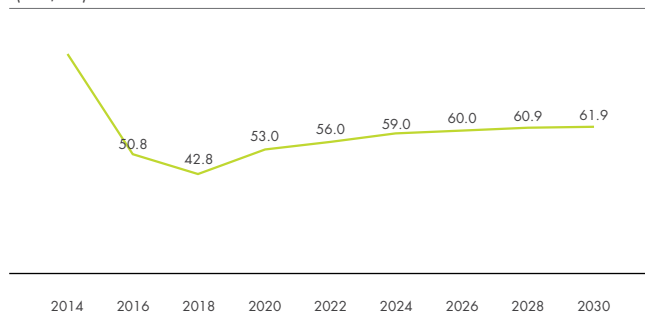
Fluctuations in World Crude Oil Prices

Fluctuations in world oil prices are forecasted to continue for several years to come. Currently, the price of oil is increasingly difficult to predict because of ongoing energy substitution with New and Renewable Energy (EBT), which continues to be developed aggressively. The discovery of shale oil/gas as a new source of energy in the United States, China and Argentina, has created an abundance of oil and gas supplies that have pushed oil and gas prices on the world market down to USD 50 per barrel.

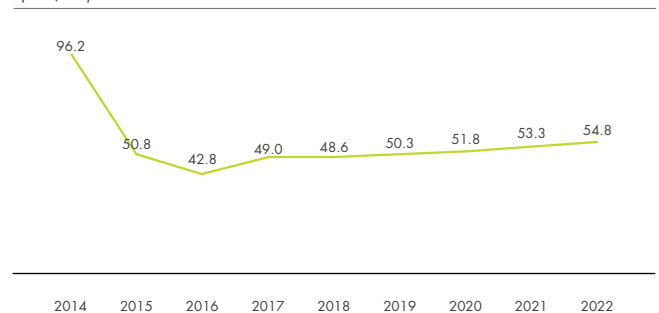
Average Crude Oil Spot Price Forecast

Average of spot prices for U.K. Brent, Dubai, and West Texas Intermediate (WTI)

World Bank Average Crude Oil Price Projections
(USD/bbl)



IMF Average Crude Oil Price Projections
(USD/bbl)

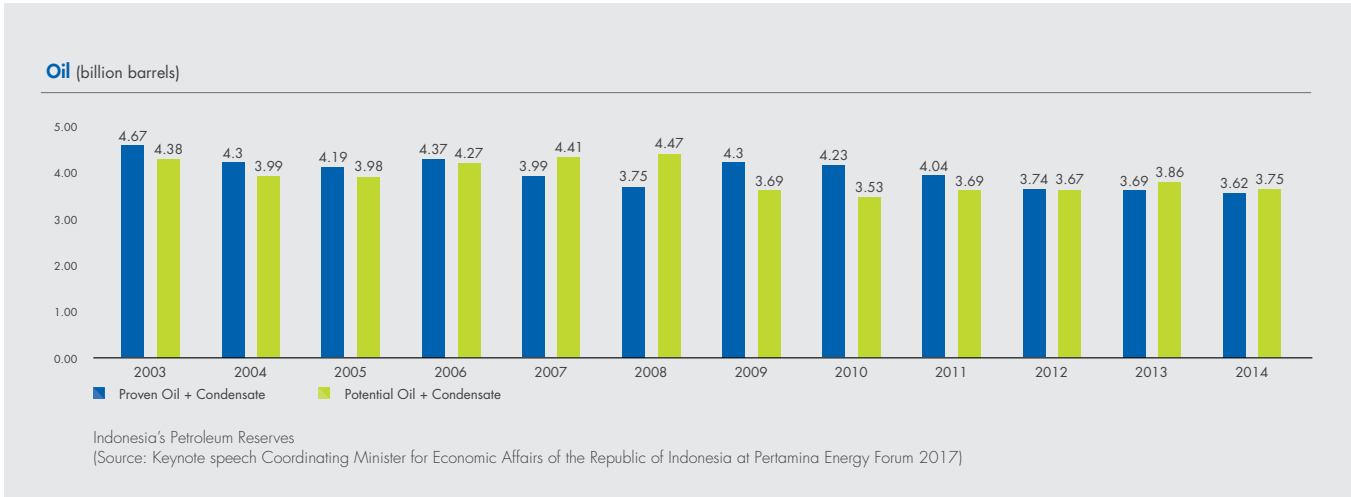


Projection of Crude Oil Price
(Source: <https://knoema.com/yxtpab/crude-oil-price-forecast-2017-2018-and-long-term-to-2030>)

Reduction in Production and Domestic Oil Reserves

Since 1995, Indonesia's oil production has continued to decline from a peak of 1.6 million barrels of oil per day (BOPD) to around just 800 thousand BOPD today. Presently, the domestic oil demand is around 1.6 million BOPD, which means the shortfall must be met through imports. Since 2004, Indonesia has become a net oil importing country as oil demand continues to increase while production continues to decline.

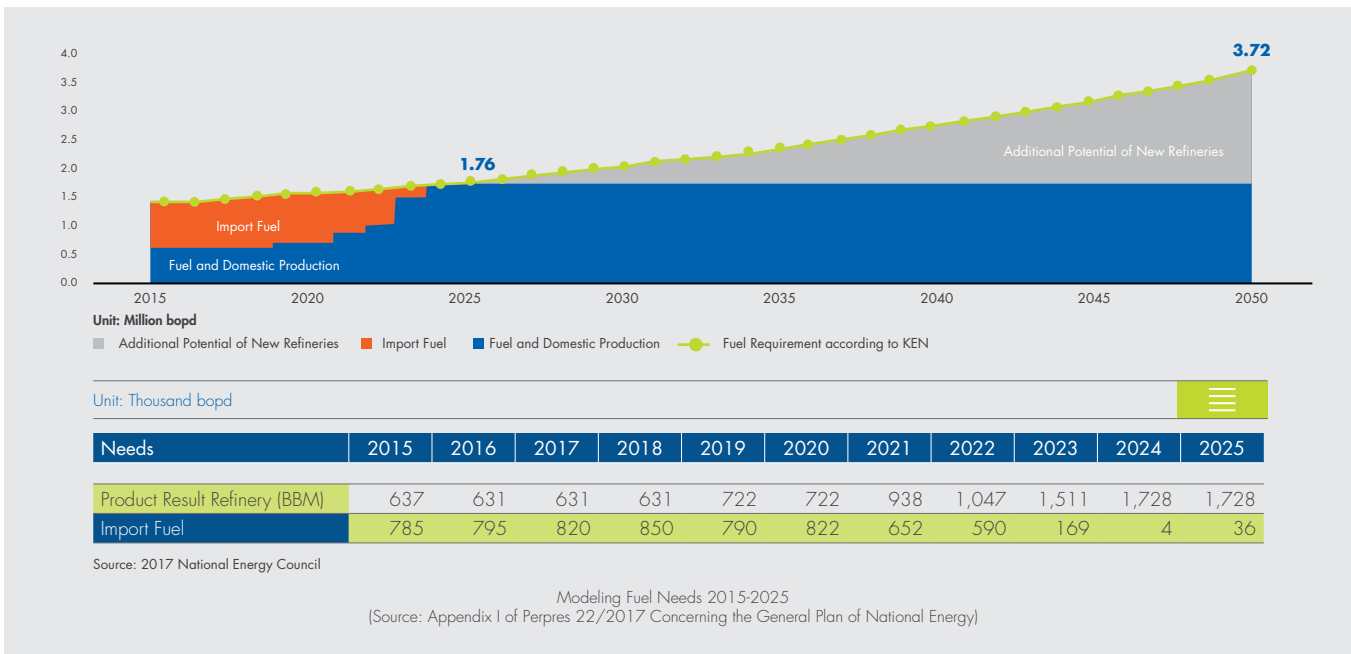
Indonesia's petroleum reserves (proven reserves) are only about 3.7 billion barrels, lower than in neighboring countries, including Malaysia with 3.8 billion barrels and Vietnam with 4.4 billion barrels. In the last 5 years, the rate of discoveries of new reserves as compared to the production rate or the Reserve Replacement Ratio (RRR) is only 65%. Meaning that for every 1 barrel of oil produced, the discovery of new reserves is only 0.65 of a barrel.



The low RRR and a decline in oil production are mainly attributable to a reduction in endeavours of oil and gas exploration, and the diminishing levels of exploration success conducted by oil and gas companies. In addition, there are various technical constraints such as the natural decline of reserves from the aging fields and the not so optimal application of Enhanced Oil Recovery (EOR) technology in most of the aging oil and gas fields across Indonesia.

Demand for Fuel Continues to Rise

The demand for petroleum continues to swell from year to year as a consequence of ongoing growth in both economic and population. While crude oil production continues to decline and the stagnant capacity of refineries is triggering higher imports of fuel. Currently the portion of fuel imported has reached around 52% of the total fuel demand.





The government is determined to reduce fuel imports gradually until there is no more imported fuel by 2025. The Refinery Development Master Plan/ RDMP defines the main guidelines in augmenting the processing capacity including the construction of new refineries and the revitalization of existing refineries. The construction of new refineries is designated as a national strategic project as has been stipulated in Presidential Decree No. 146 of 2015. The refineries being revitalized through the RDMP project include the Cilacap refinery, the Balikpapan refinery, the Balongan refinery and the Dumai refinery. Moreover, new refineries are to be built in Tuban and Bontang through the Grass Root Refinery (GRR) project.

Global Environment Issues

Through the exploitation of conventional energy resources and their utilization poses detrimental social, economic, and environmental impacts, which have become of foremost concern to the global community. The impacts of using fossil fuels has led to an increase in global warming and climate change, this is threatening the life and sustainability of the planet. The United Nations (UN) 21st Climate Change Conference, which was held in Paris in December 2015 (UNFCCC COP21), in which it was agreed in the Paris Agreement the statement that the Earth's temperature rise should be controlled to a rise of less than 2°C. The agreement applies to all countries and is legally binding regarding Common Principle but Differentiated Responsibilities (CBDR).

The Government of Indonesia has conveyed the UNFCCC's Intended Nationally Determined Contribution (INDC) to Indonesia's commitment in order to reduce its Greenhouse Gas (GHG) emissions by 29% in Business as Usual (BaU) schemes and an additional 12% to 41% with international assistance by 2030.

Pertamina's Strategy for Business Sustainability

Pertamina has implemented various efforts to improve its performance and ensure Indonesia's energy security. Several strategies to maintain Pertamina's business continuity are as follows:

Upstream Production Increase

The business strategy for the upstream sector is to boost levels of production and to increase the number of new oil and gas reserves, through both Improved Oil Recovery (IOR) and Enhanced Oil Recovery (EOR) on existing assets, or inorganically through Mergers and Acquisitions (M&A) of oil and gas blocks both at home and abroad.

Abroad, Pertamina already owns and manages oil and gas blocks in three countries, which are Iraq, Malaysia and Algeria, in addition to the acquisition of the French oil company Maurel et Prom (M&P) as an investment portfolio with 72.65% ownership. Currently, Pertamina is seeking to gain the management rights of two giant oil and gas fields Ab-Teymoura and Mansouri in Iran, which has a total reserve of about 3 billion barrels.

With regards to oil and gas blocks that have expired domestically, the Government prioritizes Pertamina to manage these (terminated block). Of the 8 oil and gas working areas that will be terminated in 2018, the Government has awarded the Mahakam Gas Block to Pertamina. Other terminated blocks are Tuban Block, Ogan Komering Block, Sanga-Sanga Block, South East Sumatera Block (SES), NSO Block, Block B, Central Block and East Kalimantan Block.

This Government trust is an opportunity for Pertamina to develop further gas exploration capability, in both shallow-sea and deep-sea exploration. Given the large number of blocks where its Production Sharing Contract will soon expire, Pertamina must prepare the right take-over strategy in order to avoid interrupted production. Furthermore, the gas reserves could also be enlarged.

Currently, the IOR and EOR programs have been effective in the areas of Pertamina's sole operations in Tanjung (South Kalimantan), Rantau (North Sumatra), and Jirak (South Sumatra) as well as Joint Operation Areas (KSO EOR) in Limau PQ (South Sumatra) Kawengan Field, Nglobo, Ledok and Semanggi (East Java and Central Java) and Meruap Square (South Sumatra). Some of the EOR technologies that Pertamina has developed are Bantayan Field Viscosity Testing, SLS Surfactant Formulations for Rantau Field, Pre Feasibility Study CO₂ EOR Sukowati Field and Tambun Field, Pre Feasibility Study Steamflood Batang Field, Implementation of the EOR predictive modeling software and procurement of the EOR Lab Stage 2.

Production and Fuel Quality Upgrade

In order to reduce dependency on the imports of petroleum fuel gradually, Pertamina is continuing to upgrade Pertamina's refinery performance through the Sustainability of Refinery Operation Excellence (SROE) and is seeking to complete new refinery projects with the Tuban and Bontang refineries, as well as four capacity building projects including Balikpapan, Cilacap, Balongan, and in Dumai. With the addition of refinery production capacity, within the next 5-10 years Pertamina refinery production will be able to fulfill the national fuel demand. In addition to fuel production, new refineries are also designed to integrate with the processing of petrochemical products so that Pertamina can become a major player in the petrochemical industry as a step in adapting to changes in the oil and gas business environment. Pertamina continually strives to produce high quality products fulfilling aspects of security, both in the process of production, distribution, and through to consumption by the end users.

One of the regulations that have served as point of reference for Pertamina's fuel products is the Regulation of the Minister of Environment and Forestry number P.20/MENLHK/SETJEN/KUM.1/3/2017 regarding New Automotive Motor Vehicle Emission Standards Types Category M, Category N, and Category O. This regulation has set out a maximum sulfur content limit for motor vehicle emissions by 50 ppm for diesel-fueled, gasoline, and LPG/gas.

Consequently, through the RDMP, Pertamina is seeking to produce a series of gasoline products that meet the quality standards expected of motor vehicle exhaust emissions, which have been determined by both the Government and through International Standards.

In the construction of the Tuban refinery, Pertamina through its subsidiary PT Kilang Pertamina International (KPI) and Russian oil and gas company Rosneft Oil Company through its affiliate Petrol Complex PTE LTD has established a joint venture, which is named PT Pertamina Rosneft Processing and Petrochemicals (PRPP). The joint venture will build and operate the Tuban refinery integrated with the petrochemical complex (New Grass Root Refinery and Petrochemical/NGRR).

Tuban NGRR with a projected capacity of 300 thousand barrels per day (bpd) with low a sulfur fuel production will also produce new petrochemical products. The fuel products to be produced by Tuban NGRR are gasoline (80 thousand bpd), diesel (99 thousand bpd), and avtur (26 thousand bpd). Moreover, the new petrochemical products to be produced are polypropylene (1.3 million tons per year), polyethylene (0.65 million tons per year), styrene (0.5 million tons per year) and paraksilen (1.3 million tons per year).

Securing Gas Supply

The Ministry of Energy and Mineral Resources, through the consideration of all the potentials of Indonesia's natural gas supply, has compiled Indonesia's 2016-2035 Gas Balance. Based on the existing balance sheet, contracted demand and committed demand of gas that can be fulfilled until 2021. After which, the import option must commence beginning in 2022. However, if the planned potential demands being projected for electricity and industry are realized by 2019, the option of importing will be initiated earlier in 2019. In order to secure national gas supply, Pertamina has explored long-term LNG trading agreements with several domestic and foreign LNG suppliers including ENI, Chevron, Cheniere Corpus Christi, Total, Woodside Energy Trading, Exxon Mobil and other potential LNG suppliers.

Developing New and Renewable Energy

Pertamina understands that the supply and use of oil and gas energy poses detrimental environmental impacts that must be minimized. For that reason, in the search, supply and management of energy, Pertamina has begun a shift in orientation towards producing more sustainable energy options. The concept refers to the provision of energy sources, both conventional and renewable energy, efficiently managed, clean and effective, so as to meet both current and future energy demands, while at the same time driving down the adverse environmental impacts to the maximum extent of our capacity to do so.

For a long time, Pertamina has operated with the use of EBT including geothermal. By end of 2017, with the onstream of the Ulubelu Unit 4 project, Pertamina has successfully raised the geothermal power plant installed capacity by another 55 MW. Presently Pertamina's Geothermal total installed capacity is 587 MW. Furthermore, geothermal will be Pertamina's focus with regards to the development of New and Renewable Energy for the medium term. Pertamina is also developing various other forms of EBT including Diesel PV and Green diesel, as well as those still currently being researched such as wind energy, micro hydro, and battery/energy storage.



BUSINESS SUPPORT

Business Support is an integral part of any company. The importance of Business Support awareness encourages the Company's Development. Pertamina will continue to develop this along with the optimal functioning of all supporting lines of business.

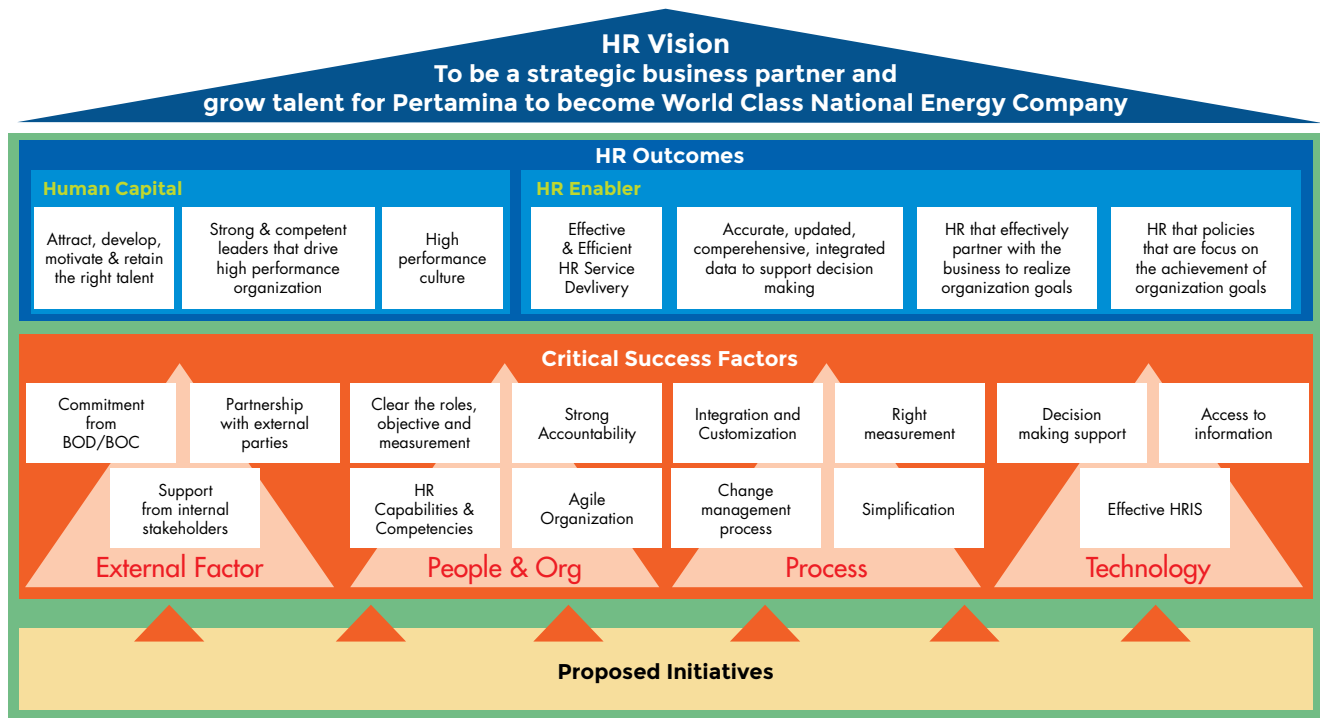
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HUMAN RESOURCES FUNCTION

For Pertamina, Human Resources is a critically important factor in being able to face both current and future challenges and continue to achieve an excellence performance. As outlined in Pertamina’s “8 Priorities to become a worldwide national company”, Pertamina has conducted reinforcement and development of its Human Resources through increasing competencies in leadership and techniques as well as the ongoing implementation of our Corporate Culture of 6C and the behaviors of Honesty, Sincerity, and Trustworthy (JTA), through its HR function Pertamina believes that with the implementation of this strategy it is able to respond quickly to any challenges and adapt to the dynamic demands of the industry, in order to have a strong and competitive company. Every worker in Pertamina is also provided equal opportunity in regards to providing an optimal contribution to the achievement of the Company’s overall performance.



HR Function Structure

The structure HR function is as follows: 1 (one) Director, 1 (one) Senior Vice President of HC Development who is supported by 4 (four) Vice Presidents and 7 (seven) Direct Reporting Managers. As of 31st December 2017, the total number of the HR function personnel is 385 consisting of 381 permanent employees (PWTT) and 4 non-permanent employees.

HR Plan and Management Policy

Pertamina has set out Workforce Planning with regards to several aspects, which includes Business Objectives, Related Applicable Regulations, Benchmarking Data, as well as Work Scheme Evaluation, Business Requirement Identification Process, and Employee Requirement Prediction. HR management is integrated, implemented and structured through various activities that are aimed at meeting the demands of Human Resources.

HR Profile

At the end of 2017, the total number of employees of the Company was 13,406 people. The number of the employees is in line with operational activity demands and business growth. The Company maintains the number of its employees as a strategy so as to improve its overall efficiency.

Number of Employees based on Organizational Level

Level	Number of Employee		
	2017	2016	2015
L1	33	21	23
L2	114	97	92
L3	573	541	505
L4 and others	12,686	12,943	13,943
Total	13,406	13,602	14,563

Number of Employee based on Education

Education Level	Number of Employee		
	2017	2016	2015
Doctorate	20	18	20
Master Degree	1,250	1,239	1,228
Bachelor Degree	5,460	5,414	5,648
Diploma 4 Degree	533	471	469
Diploma 3 Degree	2,855	2,782	2,902
Diploma 2 Degree	678	771	835
Senior High School	2,592	2,879	3,418
Junior High School	16	23	36
Elementary	2	5	7
Total	13,406	13,602	14,563



Number of Employee based on Employment Status

Employment Status	Number of Employee					
	2017		2016		2015	
Permanent Employees	13,406	88%	13,602	87%	14,563	91%
Non-permanent Employees	1,836	12%	2,093	13%	1,432	9%
Total	15,242	100%	15,695	100%	15,995	100%

Number of Employee based in Age

Age	Number of Employee		
	2017	2016	2015
< 26 years	1,499	1,376	1,705
26 - 35 years	5,752	5,603	5,466
36 - 45 years	2,176	2,046	2,019
46 - 55 years	3,914	4,494	5,248
> 55 years	65	83	125
Total	13,406	13,602	14,563

Recruitment System

Pertamina conducts its recruitment founded on the principles of openness, fairness, and equality. Selection process is held based on business demands and the competencies of prospective employees. In conducting the recruitment process, quality and competency stand out as our top priority. To that end, Pertamina implements a strategy and recruitment system that ensures we will select the very best talents.

Through its HR function, Pertamina engages in the searching, selecting, engaging, and placing employees in accordance with the criteria and/or competency that has been set out by the Company to ensure that it will be in line with the Company's requirements in order to manage the sustainability of its operations. Sourcing candidates for employment opportunities comes mainly from the Company's internal system, which is through the Internal Job Posting process and/or the Internal Cross Posting, announced openly in the working environment of the Company in order to meet the demands for experienced workers and/or specialist workers. At the same time we also explore other sources and these include job candidates externally who may be fresh graduates, experienced workers, specialist workers, and non-permanent workers, military background candidates and non-permanent workers.

Prospecting candidates from outside the Company is conducted through mass media (advertising); corporate website; cooperation with universities, employee services institutions, executive search firms/agencies and/or the labor market; in cooperation with the military agencies, police, other government agencies and certain professional organizations; as well as talent scouting.

HR Competencies Development Data

In 2017, Pertamina has invested funds for training and competency development of its employees to the amount of Rp227.19 billion, a decline of 35% as compared to the Rp350.68 billion invested in the previous year, which came as a result of the PCU class changing its function into the University of Pertamina. The PCU is currently preparing new classes in the Ex. Dharma Wanita Simpruk Foundation building.

No.	Type of Program	Program Realization	Number of Participants
1	Leadership Forum	11 Programs	438
2	Leadership Café	1 Programs	105
3	PGEDP	1 Programs	30
4	PLDP	1 Program total 3 Batches	100
5	ALP	1 Program total 10 Batches	43
6	Mandatory - Managerial	3 Levels of Program 41 Batches (ewa, jmdp, smdp)	912
7	Mandatory - PMPK	3 Levels of Program (Madya, Utama, Executive)	363
8	HSE Training	174 Programs	4,865
9	Functional/Technical Training/Domestic Seminars	402 Programs	5,086
10	Functional/Technical Training/Overseas Seminars	83 Programs	140
11	Overseas Internship Employee Program	6 Internship Programs	6
12	STEM Cepu Scholarship for Operator	4 Levels of Program	80
13	Company Study Assignment Program	2 Levels of Program (Magister and Doctorate)	19
		692 Programs	12,187

Pertamina Corporate University

The Pertamina Corporate University (PCU) is one of the Human Resources Directorate functions responsible for planning and organizing training and development in Pertamina. PCU is prioritizing training programs on a worldwide scale for the development of HR in accordance with its mission while consistently implementing high standards of quality and service for the employee's training and development in line with the Learning Focus of the Company. The PCU cooperates with various reputable universities/institutions, both domestically and overseas; in order to enhance the exposure of our employee's training activities.

In 2017, the PCU had successfully achieved and maintained national and international scale awards:

1. Re-certification of the Quality Management standard ISO 9001:2015 from BSI, which includes the integration of Quality Management at PCU Simprug and the PCU-HSSE Training Center located in Sungai Gerong - Palembang.
2. Accreditation of the International Corporate Learning Improvement Process (CLIP) from EFMD for a period of 3 (three) years, effective as at 28th November 2016.

Career Management

In Pertamina, career management is implemented through developing a career path pattern as part of the infrastructure in an employee's career mapping. During this stage, it is expected that all skill groups/directorates have determined a career path pattern to be used as one of the employment development tools.

The objectives of providing a clear career path are as follows:

- To strengthen the focus of the potential employees development program's design
- To accelerate the search and selection process of each candidate during the Succession Planning process
- To improve the empowerment capabilities of the best employee potencies in order to achieve long-term excellence in performance.
- As a manifestation of the organizations transparent and fair management practices.
- To provide alternative suitable career paths to each employee as well as supporting the development of the organization's capabilities.
- To assist employees in giving their optimal contribution in fields that match with their career aspirations, in order to be able to achieve the maximum benefit in their career choice and remain in line with organization's growth.

In addition to career management, Pertamina also provides highly competitive remuneration.

After Work Benefit and Remuneration System

Pertamina implements a position-based remuneration system that is compatible with the job load and linked with a performance based remuneration, which is awarded to its employees through significant differentiation for high performance employees. Position-based fixed pay takes into consideration several aspects, which are: internal equity, consisting of balance between job load, job level, and cluster); external competitiveness, which consists of wage levels with competitors or equal companies; and company affordability, which consists of the Company's financial capabilities. Variable pay, particularly for the incentive performance takes into consideration the Company's achievement, which is reflected in the Management Contract, Net Profit, KPI, and Performance Review Score.

As a State-Owned Enterprise, PT Pertamina (Persero) has a competitive benefit policy, especially with regards to post-employment benefits. The formulation of the benefits is determined in accordance with positions and pension benefits, especially the Top Service Award (PAP), which also represents an award for performance based on the basic salary.

Employee Turnover Rate

In 2017, Pertamina recorded 23 people in its turnover rate and 51 people in 2016. Information regarding the Employee Turnover Rate in 2017 is detailed as follows:

2017 Employee Turnover Rate

Description	Units	2017		2016		2015	
		Male	Female	Male	Female	Male	Female
< 30 years	people	4	5	11	11	6	14
30 – 50 years	people	2	12	16	8	17	5
> 50 years	people			5	-	8	1
Average	people	6	17	32	19	31	20

Freedom of Association

Pertamina grants full Freedom of Association to its employees in line with current laws and prevailing Government regulations. Trade Unions (SP) in Pertamina are recorded as Authorized Agencies in the field of employment, which form a part in the United Pertamina Federation of Trade Unions (FSPPB).

The function of Trade Unions as stipulated in Article 4 of Law No. 21/2000 are:

- Creating a work agreement together with the employer;
- Representing workers in resolving industrial disputes;
- Representing workers in labor institutions;
- Establishing institutions or activities related to efforts for improving the welfare of workers; and
- Performing other activities in the field of employment that do not conflict with the applicable laws and regulations.

Corporate Culture

Pertamina has built a Corporate Culture that highly values high performance and effective working behavior, which is in accordance to the values of 6C and supported by a productive working climate in alignment with the employees engagement. The understanding and implementation of the values of 6C is designed to shape the behavior of our people, which will ultimately become the Company Culture and create the identity of the Company. Every individual working at Pertamina is required to act in line with the values of 6C, which consists of: Cleanliness, Competitiveness, Confidence, Customer Focus, Commercial, and Capability.

HUMAN RESOURCES FUNCTION

Awards and Sanctions

Pertamina implements fair and equal Sanctions and Awards based on CLL and other applicable Regulations of the Company, including the Performance Management System. Both the Company and Employee are obliged to improve and maintain work discipline and to also demonstrate a mutual respect of each other's rights and obligations.

Employees must comply with all applicable regulations in the working environment including the leadership policy as long as it does not conflict with applicable laws. Pertamina will impose disciplinary actions on workers who commit an offense in an effort to educate and create a strong deterrent effect.

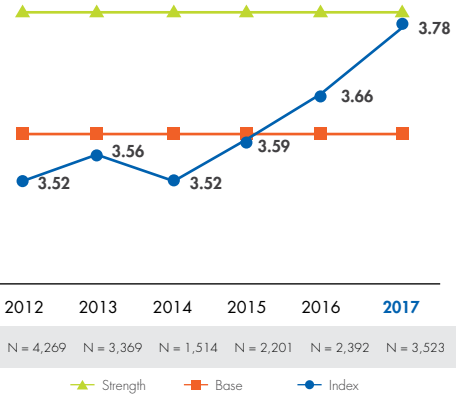
Both Pertamina and Employees have an obligation regarding their commitment and consistency in implementing the Corporate Culture Development Program as set out by the Company and executed through:

- The consistency of implementation of policy and the Company's regulations;
- Reinforcement activities (i.e.: appreciation, compliment/award) for employees;
- Improvements in the quality of Communication with employees; and
- Promoting after work hours activities that are able to encourage the development and growth in Corporate Culture.

Employee Satisfaction

In 2017, the Company conducted two Employee Satisfaction Surveys regarding the services of the HR Function. The activities held in June and December aimed at measuring the employee's satisfaction and to identify areas of service improvement.

The result of survey showed an improved trend over the past view years with the highest index gained in 2017 of 3.78 using the Likert scale. Very close to the index to Strength Target (3.8), there was an improvement in the number of participants in 2017 as compared to the 1st period. The index of the HR Services Survey represented is as follows:



- Top 3 areas to be improved are:
1. Career Development (39.4%)
 2. Training (17.8%)
 3. Health Services (15.2%)

CORPORATE SHARED SERVICE FUNCTION

Pertamina is a large organization with diverse divisions, which demands an Information and Technology platform that is able to be integrated and bring together all of the data and information as well as facilitating connections from one party to another for communication and accessing information. Pertamina strives to facilitate demands in the field of Information and Technology through its Corporate Shared Service (CSS) functions. As of 2017, the number of personnel in the CSS function (including IT) at headquarters was 327 people.

Policy

There are 3 primary categories regarding policy design for CSS, which includes the 8 Strategic Priorities of CSS in 2017, which are the Product, Process and People categories.

a. Product Category

Consists of 2 primary criteria:

1. IT Reliability with a primary focus on IT Infrastructure & System Availability
2. Level of Service Management with a primary focus on the Levels of Service Quality

b. Process Category

Consists of 4 primary criteria:

1. Quality Data with a primary focus on Data Management
2. IT Security with a primary focus on Integrated Cyber Resilience for Enterprise – wide Management & Governance
3. Business Service Coverage with a primary focus on the ERP and non-ERP Business Service Process
4. IT Costs with a primary focus on IT Cost Effectiveness

c. People Category

Consists of 2 primary criteria:

1. Digital Culture with a primary focus on Digital Transformation
2. People Sustainability with a primary focus on Manpower Development.

Strategic Program for the CSS Function

Throughout 2017, the CSS function conducted various strategic initiatives as follows:

1. Upstream Business Management Transfer.

Throughout 2017, the CSS function conducted an integration and standardization program with the Pertamina IT Platform focusing on the activities of the Management of Upstream Business Transfer; Providing Structure (WAN), Radio Telecommunication Support, Telephone Systems and VoIP; Computing for End-user Assistance including the implementation of Managed Print Services (MPS), replacement for Proprietary Application, which is suitable with the standard Pertamina application; Software License Transfers, Procurement of the Vessel Traffic

Information System as a Navigation System, Non-Directional Beacons and Radio Beacons; as well as the re-arrangement and adjustment of IT Compliance and Governance for Pertamina.

2. IT Infrastructure Efficiency

The CSS Function established a Breakthrough Project (BTP) in IT Infrastructure Efficiency with the desired outcome of embedding an "IT Mindset" with Pertamina's people with the purpose of equipping them to be able to uphold the appropriate functions in order to support the Company's business and performance.

3. Cyber Security Maturity Assessment

Cyber Security Maturity Assessment (CSMA) is one of the activities implemented by Pertamina in order to measure its level of Cyber Security Maturity and Endurance. The CSMA results in establishing a maturity level for Pertamina so as to support the determination of strategies to prevent and mitigate cyber-attacks.

4. Digital Marketing

Both the CSS and Marketing Directorate are synergized in order to achieve the vision of integrating Digital Technology with the Marketing Directorate and to instill it as a part of the Directorate's culture. The vision consists of 4 major areas, which are the following:

- Development and implementation of B2B and B2C technology/application usage in the Marketing Directorate.
- Development and implementation of operational technology/application usage in the Marketing Directorate.
- Acceleration of Culture change in relation to creativity and promoting an agile work scheme.
- Application Rationalization, an implementation of a standard application across all lines of business in Pertamina particularly in the Marketing Directorate.

5. PTKAM ICT Improvement

This improvement will be conducted through the ERP and Non-ERP (web E-LC) enhancement system, which supports loss calculations that have occurred as a result of oil flow activities.

6. Logistic Excellence

Ongoing improvement of Pertamina's Material Number (KIMAP), through Material Code Standardization from Pertamina nomenclature into Global Shell Code nomenclature.

7. Corporate Administration System Reengineering

Corporate Administration System Reengineering including the development of E-Correspondence 2.0 using an alternative platform to the previous version, from the web 1.0 interface to the web 3.0 interface.

8. Concurrent Employment and Corporation Management

Concurrent Employment and Corporation Management is an expansion of the SAP HCM Module, which is to be used as for Multiple Employment Scenario Management between the Company and its subsidiaries.

9. ISC ICT Improvement

ISC ICT Improvement was conducted by reengineering the Iseecargo application, which was developed in 2012 through the enhancement of several modules and integrated over various applications.

10. Pertamina Investment Improvement Program (PIIP)

This program is aimed at monitoring the successfulness of Pertamina's Investment Projects. In 2017, Pertamina implemented Direct Link SIIP in 2 of its subsidiaries, which are: PT. Pertamina EP Cepu and PT. PDSI and the Non-Business Development Marketing Directorate (527 Projects).

2017 Activities

1. The roll out of SAP implementation throughout several subsidiaries namely: Pertamina Hulu Indonesia, Pertamina Power Indonesia, Pertamina Lubricants Thailand, Patra Logistic and Pertamina International Shipping.
2. Supporting the establishment of the Shared Service Organization (SSO) of Pertamina Hulu Energi (PHE) as part of the SAP Business Process alignment and standardization in the PHE Group.
3. Go Live Harmonization and Standardization of PHE One System, which is aimed at creating the basis of implementation for the Shared Service Organization (SSO) at PHE by using the standard ERP system.
4. Preparation of the Go Live Project for the Concurrent Employment SAP Module for Human Resources.
5. Go Live for e-Invoice Host to Host in order to streamline the time and facilitate the process of Tax Invoices from SPT to DGT (Directorate General of Taxes).
6. Completion of the ERP and Non-ERP Development and Maintenance Project (status closing) achieved 89% of the total number of projects, an increase of 57% as compared to 2016.
7. The 2017 CSS Commitment Day as a commitment of CSS as the service provider for both Pertamina internally and its subsidiaries.
8. Application rationalization in accordance with Future Designs.
9. Conducting change management of the ICT Pertamina Hulu Mahakam system so as to improve its operational activities.
10. Launching of the Pertamina Digital Community as a Change Management Program that started the Pertamina Digital Transformation.
11. Program of Digital Culture, which is aimed at encouraging peoples behavior to change by making a shift in paradigm and the way of working in order to adapt with Digital Era so as to enhance the performance of the business.
12. Launching the Corporate Social Media "Pertaline", as a new form of communication and method of collaboration in the Company.
13. The 2017 ICT Innovation Challenge as event promoting innovation for the employees in ICT of the Company and its subsidiaries.
14. Audit of ISO 20000-1:2011 and 27001:2013 as a demonstration of our continuous efforts to provide excellent services to our customers and to be consistent in the area of security in line with international standards.
15. Conducting the Switch Over Drill Data Center, DRC to maintain accountability of the ERP and Non-ERP systems relating to SAP.
16. The Table Top Simulation, which forms a part of the Disaster Recovery Plan aimed at guaranteeing the sustainability and rapid availability of emergency services.
17. Evaluation of Information and Technology Governance using the standard of Cobit 4.1, which resulted in a maturity level of 4.28 in headquarters and the IT Unit/Area. The evaluation was conducted by an external assessor.
18. Conducting the CSS Service Satisfaction Survey, which demonstrates our commitment to ongoing improvement of service.
19. By the end of 2017, CSS had initiated the Pertamina Digital Transformation process through the issuance of the 1st version of the Grand Design along with involving the Business Process.

2017 CSS Performance Achievement

Some of the CSS performance achievements in 2017:

- Achievement of the SLA (Service Level Agreement) on average throughout 2017 was at 98.04% an achievement higher than the target of 97%.
- Pertamina Wide ERP Utilization throughout 2017 was 99.26% an achievement higher than the target of 97%.
- Regarding services provided to internal customers, CSS obtained a high score of 3.86 based on the Likert 5 scale from the Customer Satisfaction Survey.
- Throughout 2017 a total of 85 personnel or equal to 25.8% against its initial target of 40% of its personnel were certified in various competencies in the field of IT.

Best Practice of IT Governance

In implementing IT Governance throughout 2017, the CSS referred to the COBIT 4.1 Framework (Control Objective for Information and Technology). In addition, achieved certification of ISO/IEC 20000-1:2011 (Service Management System) for 5 services, which has now expanded into 7 services in order to deliver and improve our quality service to customers. The CSS function also conducted improvements to the Management Information System Awareness through the expansion of implementation into 2 other areas and the certification of ISO 27001 (Security Information Management System).

2018 Plan

The CSS Function has set out a policy in the format of an ICT Master Plan Roadmap until 2025. The CSS has determined 98 Strategic Priorities as part of the strategy to accelerate the 2017-2018 target achievement focused on 3 major categories, which are: Product, Process, and People.

The CSS refers to the results of the Open Standard Benchmarking (OSB) and benchmark value of other worldwide companies so as to determine its indicator level and annual target achievement.

Several fundamentals to be formulated by the CSS in 2018 include architecture, policy, and infrastructure and cyber security.

In addition to the above, CSS also provides support for the planning and implementation of Pertamina's Primary Transformation Design.

Equally important, the CSS also provides support for the establishment of SSC (Shared Service Center), which is a collaborative strategy with the implementation and operational being handled in an integrated manner with the overriding purpose of efficiency in transactional activities of the various support functions.

ASSET MANAGEMENT FUNCTION

In order to maximize the Asset Potencies, Business Network Development, and the Company's Revenue, Pertamina has established the Asset Management Function, which is integrated with the Directorates, Operational Units and the Company's subsidiaries in carrying out its asset management and for product/service supply in the business process in accordance with business requirements and growth. The Asset Management function is designed to uphold the concept of centralization and service standardization, as well as providing product/services as an added value to support the Company's vision of becoming a World-Class Company. In 2017, total number of personnel in the Asset Management function was 252 people with 162 working in Formation and as Area Managers in each Unit of Operation.

2017 Performance

The Primary focus of the Asset Management function is to implement the working program, which has been determined as follows:

- Improvement of Assets Ownership and Authorization;
- Office and management of High Performance Office Facilities;
- Monetizing Assets as a part of generating revenue; and
- Selection of partners for cooperation with managing 12 Asset locations.

Throughout 2017, the Asset Management function conducted several activities and achieved the following performance achievements:

- Improvement of land ownership up to 22.1 million m².
- The Company's security assets so as to secure the Company's land ownership status.
- Transfers of Land Asset of TBBM Bouwklaar with the Government of Southeast Sulawesi.
- Asset Monetization Program, which was equal to Rp331.26 billion and produced cost savings of Rp432.89 billion.

- Investment of Rp1.48 trillion in Patra Jasa for its Asset Development in the regions of Yogyakarta, Bekasi, Jakarta, and Cirebon.
- Development of Warukin Airport in the format of project assignment to PT PAS.
- Development of the National Strategic Project of Tanggamus Maritime Industrial Area.
- Asset Development of Tanjung Batu as a Logistic Center through the format of project assignment to PT Pertamina Trans Kontinental.
- Developing and launching the Asset Management Information System (SIMA), which has been integrated in order to support the business processes in Asset Management.
- Improvements in the quality of service for the building and office management to achieve a high performance, office management and energy efficiency so as to support performance and to achieve the Company's vision of becoming a World-Class Company.

2018 Plan

In 2018, the Asset Management function targeted several Investment Programs, including the construction of the Flat TBBM at Pulau Sambu, Pertamina Record Center, construction of parking and a canteen area at the headquarters in Palembang, as well as Apartments for employees and a VIP suite within several locations of MOR (Makassar, Surabaya, and Jayapura).

PROCUREMENT FUNCTION

Policy and Principle

Pertamina has a Goods and Service procurement procedure and policy that implemented in a transparent and fair manner through the application of Good Corporate Governance free from any conflicts of interest within its process. The process of the procurement of Goods and Services is based on the System and Framework (STK), which the Board of Directors has authorized by decree No.43/C00000/2015-S0, which came into effect since 8th November 2015.

The Goods and Services (non-hydro) for the Directorate of Upstream, Directorate of Gas, New & Renewable Energy (EBT), Directorate of Finance, Directorate of Asset Management, Corporate Secretary, Internal Audit, and Legal Counsel & Compliance are managed by Procurement Excellence Group (PEG) function under the Directorate of Asset Management, while procurement activities in the area of the Directorate of Marketing and Directorate of Processing, including procurement within the working area, is managed by the Procurement function in each individual unit.

2017 Performance

Throughout 2017, the PEG function completed its job and responsibilities as follows:

1. Regular Procurement of Goods and Services Activities
The Procurement Excellence Group had processed 648 purchase orders of procurement with a total value of Rp4.41 trillion - or equal to USD 326 million (Contract Value) during period of January – December 2017. With a total cost saving by 31st December 2017 achieving 8.70%, detailed as follows:

Total Estimate Value Owners	Total Value of Procurement	Cost Savings	Percentage of Cost Savings
Rp3.05 trillion	Rp2.78 trillion	Rp265.12 billion	8.70%

** Total Value of Procurement categorized as KPI Cost Saving

2. The BTP Centralization of Procurement & Logistic Excellence with a total cost saving valued at USD 424 million, achieving a much higher number than its initial target of USD 150 million.
3. Additional 7 Master Agreements for commodities Goods and Services.
3. Capability Building
4. Master Data Management divided into two activities as follows:
 - Vendor Management
 - Coding & Cataloging Material Number
5. Procurement System Development
6. Procurement Shared Service Organization Review
7. TKDN Implementation Plan.

2018 Plan

Target and plan of the PEG Function in 2018 are:

1. Procurement Centralization
2. Warehouse & Stock Management



QUALITY SYSTEM AND KNOWLEDGE MANAGEMENT FUNCTION

Pertamina has established a Quality System and Knowledge Management (QS&KM) function with the objective of improving the overall performance of Pertamina through the creation of continuous culture improvement, increasing the effectiveness in the standardized system of implementation and the knowledge sharing culture, which are all run within the corridors of the business processes in line with Pertamina's Priority of becoming a World-Class Company. The QS&KM function is designed to guarantee implementation of the quality of business processes of the Company through its four pillars of quality. The four pillars consist of the Continuous Improvement Program (CIP), System & Standard Management (SSM), Knowledge Management (KMS), and Quality Management Assessment (QMA). The four pillars have different roles at each level of the Company in ensuring its business qualities. In 2017, 23 people supported the QS&KM function with the appropriate competencies in line with business demand and growth.

2017 Performance

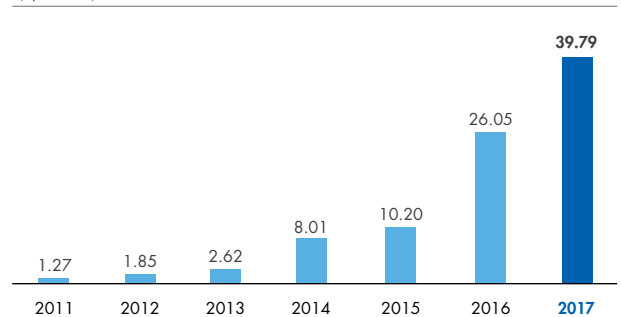
In 2017, the QS&KM function completed its duties, work programs, and had achieved its targeted performance in order to support the Company's vision of becoming a National World-Class Company. The QS&KM function continues to ensure good quality across all operations units, business units, and the Company's domestic and overseas subsidiaries in line with the Pertamina Management System and the Code of Pertamina. Pertamina continues to implement its policy through the QS&KM function so as to ensure an improvement in the culture conducted continuously across all operations/business/regional/units and the Company's subsidiaries through the four primary pillars activities as follows:

a. Continuous Improvement Program (CIP)

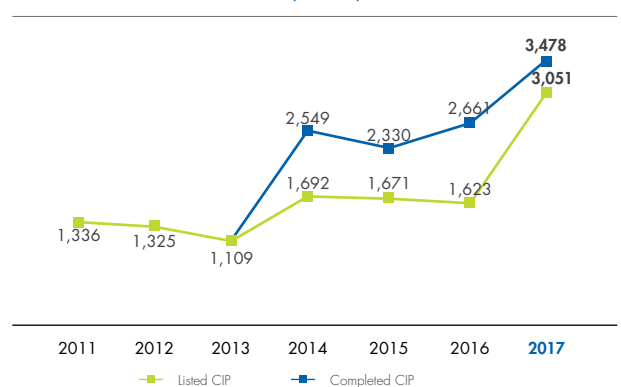
The CIP is a program of activities designed to solve problems and improve work efficiency through the methods of PDCA and DELTA within Pertamina's work habitat. This Value Creation achievement in 2017 achieved Rp39.79 million, this reflects the commitment of Pertamina in conducting business efficiently in the form of savings, reduction costs, additional revenue. The creation of values is a reflection of Pertamina's commitment to conduct its business efficiently as a form of cost savings and process efficiency in order to achieve or over achieve the revenue target. In 2017, Pertamina recorded a total number of 3,051 in the CIP that was completed; this marks a significant increase of 53% as compared to 2016. The increasing number

of CIPs demonstrates the fact that Pertamina people are getting used to solving work problems using PDCA and DELTA (Eight Step Seven Tools).

Value Creation CIP
(Rp Trillion)



Achievement of CIP PT Pertamina (Persero)



In order to support the Company's' vision of becoming a World-Class National Energy Company, the people in Pertamina have increased their accomplishments in the Forum of Innovation Competition at both national and international levels, including:

- 1) National Energy Efficiency Award-Awarded by the Ministry of Energy and Mineral Resources, Directorate General of EBTKE,
 - 1) 1st placed in the Energy Management Category, Sub Category of Small and Middle Scale Industry Energy Management received by Terminal BBM Rewulu, and
 - 2) 1st placed in the Sub Category of Special Innovation of Special Large scale Industry received by PT Pertamina Hulu Energi ONWJ.

Both winners will represent Indonesia at the ASEAN Energy Awards in 2018.



- 2) Dharmakarya – Awarded by Ministry of Energy and Mineral Resources;
 - 1) 3 clusters of Pertamina received the Dharma Karya ESDM-Madya: Belah Duren Cluster of Pertamina Shipping, WO-WS Jatibarang Cluster of Pertamina EP and Sypon Effects Cluster of Pertamina Hulu Energi.
 - 2) The other 24 Clusters of Pertamina were awarded by Dharma Karya ESDM-Muda
- 3) International CIP Presentation Forum
 - 1) INST Taiwan, September 2017 attended by 5 CIP clusters
 - 2) APQO Manila, October 2017 attended by 6 CIP clusters
 - 3) ICQCC Manila, October 2017 attended by 7 CIP clusters
 - 4) CIISC Dubai, 13th November 2017 attended by 5 CIP clusters
 - 5) SIIF Korea, December 2017 attended by 5 CIP clusters

b. System & Standardization Management (SSM)

The SSM includes several activities including the Standard and Certification System Management through the Pertamina Standardization & Certification (PSC) that has received accreditation from the National Accreditation Committee, management of documents in accordance to the Company's business processes as well as the reinforcement of the Company's business processes focusing on the achievement of the Company's vision. In 2017, Pertamina implemented several system standards, which are: ISO9001, ISO14001, OHSAS18001, ISO17025, ISO20000, ISO27001, SMP, SMK3 and other standard systems.

c. Knowledge Management System (KMS)

The KMS has an important role in improving the culture of integrated knowledge sharing and Knowledge Management in the Company. Pertamina is maximizing the implementation of technology in conducting the Knowledge Sharing through webinar and Knowledge Asset Management, which is accessible throughout the Company through portal, which is: KOMET. In addition to that, KMS also manages Intellectual Property Rights resulting from the process of continuous improvement based on the CIP in Pertamina. The Knowledge Sharing activities were held in offline format, online format (i.e.: webinar), and KOMET (portal) management aimed at creating, collecting, reviewing, and distributing Knowledge Assets throughout Pertamina.

Over the last seven years since the establishment of KOMET, Pertamina has managed to record a cumulative level of 12,190 in Knowledge Asset, which is archived in the knowledge center in Portal KOMET, 3,691 Community Practice members, and 937 Knowledge Sharing forums, which are organized offline.

Throughout 2017, KOMET organized 128 webinars involving the whole Function/Unit/Region and some of Directorates in the upstream subsidiaries. KOMET also owns 173 expert panel members who filter the knowledge assets that went into the KOMET portal. Workers' total involvement in efforts to create and share knowledge is at 25.12 % for 2017, the KOMET Pertamina was awarded with Indonesian MAKE Award for the fourth time and is now eligible to represent Indonesia in the MAKE Award in Beijing in march 2018.

In order to manage its Intellectual Property Rights, during the period of 2015-2017, Pertamina obtained 12 Granted Patents through the Continuous Improvement Program, which have been submitted to the Directorate General for Intellectual Property, Ministry of Justice and Human Rights from Pertamina.

d. Quality Management Assessment (QMA)

Pertamina's Excellent Performance Criteria (KKEP), which is based on QMA, is intended to develop and create a culture of Excellence in Performance across all Business Units, Unit Operations and Subsidiaries, so as to facilitate the achievement of Performance Excellence at the corporate level. Through to the end of 2017, QMA was applied in 32 of Pertamina's Business Units, Unit Operations and Subsidiaries with average value of 501 in the category of Emerging Company; meanwhile in 2016 the average value was 484.

Policy and Long-Term Plan

Pertamina has set out policies and long-term planning, which is focused on the implementation of Excellence in the Quality of Management Practices. Therefore the QSKM function for collaborating with other SOEs and other companies regarding Excellence in Quality Management as well as increasing the competitiveness of the Company. One part of the format for this collaboration is the assessors' exchange regarding the assessment of KPKU, the Assignment of Standard System Auditors in the Cross Functions of Internal Audit across several companies. It is expected that this collaboration will strengthen Pertamina's resources in improving Quality Assurance in terms of products and services.

In order to ensure more effective operations, the QSKM Function regarding Pertamina's Standardization & Certification manages the implementation of all Standard System Management processes spanning all Operations Units, Business Units and Subsidiaries of the Company in order to meet our customer expectations. The function of the Business System Process as a part of the QSKM continues to strive in the process of managing the Company's documents, process of establishing a Working System and Correspondence Mechanism for the Company, which is dynamically designed in order to support all of the Company's business processes and operations.



CORPORATE GOVERNANCE

For Pertamina, the implementation of GCG is a requirement in maintaining the transparency and accountability of the Company's management to all stakeholders.

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CORPORATE GOVERNANCE

PERTAMINA'S GCG IMPLEMENTATION

Good Corporate Governance (GCG) is a mechanism or system that directs and controls the Company in order to meet the expectations of its stakeholders based on the principles of GCG (Transparency, Accountability, Responsibility, Independence, Fairness) as the foundation for the Company's improvements in performance. Through the consistent and continuous implementation of GCG the Company's objectives, monitoring and assessing of business risk, maximizing performance, and developing work culture within the Company will all be impacted in a positive manner.

For Pertamina, the implementation of GCG is not merely an act of performing its obligations but is a requirement in maintaining the transparency and accountability of the management of the Company to all stakeholders. Pertamina continues to develop GCG in harmony with best practice so as to maximize the value of the Company; performing effective and efficient business activities; professional and independent management of the Company; creating decision-making through every organ of the Company based on moral values and compliance with applicable laws and regulations; providing the maximum protection and fair treatment to shareholders and other stakeholders; as well as empowering the spirit for continuous innovation.

Pertamina is optimistic that commitment and adherence to the implementation of all GCG principles will ensure long term business growth that will ultimately increase the confidence of shareholders and other stakeholders of the Company. Throughout 2017, Pertamina has implemented a number of GCG initiatives, among others:

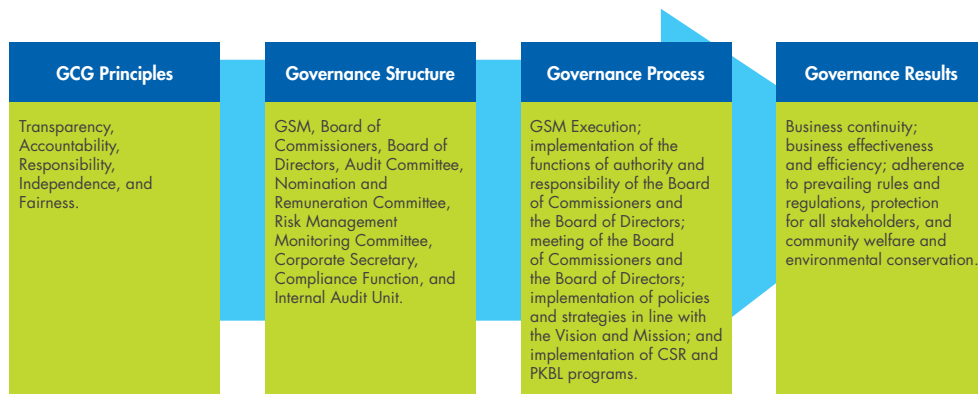
1. Implementing GCG Soft Structure consisting of:
 - a. Code of Corporate Governance
 - b. Board Manual of the Board of Commissioners and Board of Directors
 - c. Code of Conduct
2. Assessing the Company's GCG implementation
3. Implementing a system of Risk Management and Internal Control
4. Optimizing the Whistle Blowing System, accompanied by follow ups of the reports
5. Conducting business activities in accordance with clear and transparent Standard Operating Procedures, which covers the operational, financial, marketing and other business support activities, including Human Resource Management and Occupational Safety and Health (K3L)
6. Organizing Corporate Social Responsibility (CSR) programs and Partnership and Community Development Programs (PKBL) in order to bring sustainable positive impacts to both the community and nature.



Pertamina applies the principles of GCG in phases by referring to the GCG Roadmap that has been established and implemented over a 6-year period, starting from 2009 to 2015. The GCG Roadmap consists of several phases including Compliance, Conformance, Performance, and Sustainability phases. In 2017, Pertamina was in stage of sustainability, which means that the application of GCG in Pertamina has become a part of the corporate culture and therefore its sustainability can be well maintained.

STRUCTURE AND MECHANISM OF CORPORATE GOVERNANCE

The Good Corporate Governance structure in Pertamina consists of the General Meeting of Shareholders (AGMS), Board of Commissioners and Board of Directors as stipulated in the Regulation of a Limited Liability Company Number 40 of 2007. In addition, Pertamina has formed supporting organs consisting of the Audit Committee, Nomination and Remuneration Committee and Risk Management Monitoring Committee, Corporate Secretary, Compliance Function, and Internal Audit Unit. All organs for Good Corporate Governance are performing their functions in accordance with the Regulations, Articles of Association, and other provisions in performing duties, functions and responsibilities in the best interests of the Company.



The General Meeting of Shareholders (GMS) is the Governance organ which holds the highest authority in the Company and possesses all authorities that are not granted to the Board of Directors or the Board of Commissioners. The implementation of a GMS is the Company's obligation as a forum for shareholders to make important decisions; through considering the Articles of Association and prevailing laws, the decisions made in the GMS should be according to the business interests of the Company.

During the GMS, it is possible to insert ideas proposed by the Board of Commissioners and or shareholders that represent at least 1/10 (one tenth) of all shares issued by the Company with legal voting rights where the origin of the related party has to be approved by the Board of Directors before the date of Annual GMS invitation is received. Proposals from the Board of Commissioners and/or Shareholders that are not in accordance with the provisions of the AD/ART of the Company may only be discussed and decided by the GMS providing that all of its shareholders or authorized representatives are present and approving the additional agenda and the resolutions of the GMS on these proposals shall be approved unanimously.

The AGMS of Pertamina consists of:

- The Annual General Meeting of Shareholders (AGMS) in order to approve the Work Plan and Budget is held no later than 30 (thirty) days after the current fiscal year (the fiscal year of related work plan and budget). Throughout the meeting, the Board of Directors conveys the Draft of Work Plan and Budget including the Financial Report Projection and also other items that require the approval of the GMS for the benefit of the Company that has not also been included in the draft of Work Plan and Budget.
- The Annual General Meeting of Shareholders (AGMS) approval of the Annual Report was conducted in June after the fiscal year ended. In this meeting, the Board of Directors presented the Company's Annual Report, proposal on the usage of the net profit, as well as other matters requiring approval from the GMS for the interest of the Company.
- Extraordinary General Meeting of Shareholders (RUPS LB) is a GMS held at any time based on the Company's requirements.

GENERAL MEETING OF SHAREHOLDERS

Annual General Meeting of Shareholders and Extraordinary GMS in 2017

2017 Annual General Meeting of Shareholders

In 2017, the Company conducted the Annual General Meeting of Shareholders, the Annual General Meeting of Shareholders of Fiscal Year 2016 and has made the notarial deed of the Annual General Meeting of Shareholders. The Annual General Meeting of Shareholders for the 2016 Fiscal Year was held on 16th March 2017, in Jakarta, with the following agendas and decisions:

Agenda and Resolutions

a. Agenda of the AGMS of the 2016 Fiscal Year

Agenda discussed in the AGMS of the 2016 Annual Report of PT Pertamina (Persero) between the Shareholders, Board of Commissioners, Board of Directors, as well as others are as follows:

No	Agenda	Description
1	Agenda 1	Approval of the Company's Annual Report on the condition and operation of the Company in the fiscal year of 2016, report on the Partnership Program and Community Development for the 2016 fiscal year, and report on the Execution the of Board of Commissioners' Supervisory Function for the 2016 Fiscal year.
2	Agenda 2	Approval of the Financial Statement for the 2016 fiscal year, and Report on the Partnership Program and Community Development Program for the 2016 fiscal year, as well as the provision of settlement and full disclaimer (volledig acquit et de charge) to the members of the Board of Commissioners and the Board of Directors who served with actions of oversight and management of the Company throughout the 2016 fiscal year.
3	Agenda 3	Stipulation of the use of Net Income of the Company for the 2016 fiscal year.
4	Agenda 4	Stipulation of Tantiem and Remuneration for Board of Directors and Board of Commissioners for the performance of the 2016 fiscal year, Board of Directors' salary and honorarium for the Board of Commissioners, as well as benefits and facilities for 2017.
5	Agenda 5	The appointment of a Public Accountant Office to audit the Company's Financial Statement for the 2015 fiscal year and Financial Report of the Partnership Program and Community Development Program Report for the fiscal year ending on 31 st December 2017.

b. GMS Result for the 2016 Fiscal Year Report

Resolutions of the decisions of PT Pertamina's AGMS for the Annual Report of the 2014 fiscal year between the Shareholders, Board of Commissioners and Board of Directors, as approved in the minutes of meeting of the PT Pertamina AGMS for the 2016 fiscal year, in which the Shareholders approved and authorized the entire agenda of the Annual General Meeting for the 2016 Fiscal Year.

Extraordinary GMS in 2017

Agenda and Decisions

An Extraordinary General Meeting of Shareholders can be held at any time based on the requirements of the Company.

In 2017, all of the Extraordinary GMS were conducted in a circular manner. The agenda and decisions of Extraordinary General Meeting of Shareholders of PT Pertamina (Persero) in 2017 are as follows:

No	Note	Number	Date
1	Proposed the Appointment of Members of the Board of Commissioners of PT Badak LNG	S-26/MBU/01/2017	5 th Jan 2017
2	Proposed the Appointment of Members of the Board of Commissioners of PT Pertamina Retail	S-24/MBU/01/2017	5 th Jan 2017
3	Proposed the Appointment of Members of the Board of Commissioners of PT Pertamina Gas	S-23/MBU/01/2017	5 th Jan 2017
4	Termination and Change of Nomenclature of Positions of the Members of the Board of Directors of PT Pertamina (Persero)	SK-26/MBU/02/2017	3 rd Feb 2017
5	Appointment of the President Director of PT Pertamina (Persero)	SK-52/MBU/03/2017	16 th Mar 2017
6	Approval from the Board of Directors to Include PT Pertamina (Persero) in the Tax Amnesty Program (TA) of 2017	S-268/MBU/05/2017	3 rd May 2017
7	Approval regarding the Abolition and Release of the Ship MT Pangkalan Susu Pertamina	S-352/MBU/06/2017	12 th June 2017

No	Note	Number	Date
8	Dismissal, Change of Position Nomenclature, Transfer of Duties, and Appointment of Members of the Board of Directors of a Limited Liability Company PT Pertamina (Persero)	SK-160/MBU/08/2017	15 th August 2017
9	Appointment of the Members of the Board of Commissioners of PT Pertamina (Persero)	SK – 194/MBU/09/2017	12 th September 2017
10	Response to the Report of Management 3 rd Quarter of 2017 for PT Pertamina (Persero)	S-1116/MBU/D2/11/2017	17 th November 2017
11	Appointment of the Members of the Board of Directors of PT Pertamina (Persero)	SK-256/MBU/11/2017	27 th November 2017
12	Approval/Ratification of the Revised Work Plan and Corporate Budget (RKAP) of PT Pertamina (Persero) for 2017	S-692/MBU/12/2017	8 th December 2017
13	Application for the Approval of the GMS regarding the Acts of the Board of Directors with the Addition of Equity Participation of PT Pertamina (Persero) to PT Pertamina Power Indonesia	S-703/MBU/12/2017	11 th December 2017

Other than the above Extraordinary General Meetings of Shareholders, the Shareholders of the Company have taken decisions in lieu of Extraordinary General Meeting of Shareholders (Circular Decisions) 21 (twenty one) times. Based on Article 91 of Law No. 40/2007 for Limited Liability Companies and the SOEs Minister Regulation No. Per-01/MBU/2011, decisions taken in this way are legitimate and binding on the Shareholder, the Company and the parties listed in the decisions.

Annual General Meeting of Shareholders (GMS) and Extraordinary GMS for the Prior Year

2016 GMS

A. GMS Fiscal Year 2015

In 2016, the Company conducted the General Meeting of Shareholders, both GMS regarding the Annual Report and GMS regarding Work Plan and Budget and also produced a Deed of the General Meetings of Shareholders. Throughout the year, Pertamina completed each of the resolutions of the GMS decisions and therefore all GMS decisions were fully realized as per 31st December 2016.

Agenda and Resolutions

- a. The agenda discussed at the PT Pertamina (Persero) GMS for the 2015 Annual Report among the Shareholders, Board of Commissioners and Board of Directors, are as follows:

No	Agenda	Description
1	Agenda 1	Approval of the Company's Annual Report regarding the Company's condition and the course of the Company throughout the 2015 fiscal year, Annual Report for the Partnership and Community Development program in the 2015 financial year, as well as the Supervisory Report of the Board of Commissioners for the 2015 financial year.
2	Agenda 2	The ratification of the Company's consolidated Annual Report in 2015 and restatement of the Company's consolidated Annual Report for 2014, also the Annual Report for the Partnership and Community Development Program in 2015, as well as the provision of full responsibility release and discharge (volledig acquit et de charge) to the members of the Board of Commissioners and and Board of Directors who served on measures of control and management of the Company that have been implemented throughout the 2015 financial year.
3	Agenda 3	Determination of the Company's net profit in the 2015 Fiscal Year
4	Agenda 4	Determination of Tantiem and Remuneration for Board of Directors and Board of Commissioners in the 2015 financial year, the Director's salary and honorarium of Board of Commissioners, as well as the benefits and facilities for 2016.
5	Agenda 5	Determination of the Public Accounting Firm (KAP) to audit the Consolidated Financial Report and Financial Report of Partnership and Community Development Program for the fiscal year that will end on December 31, 2016.

- b. Resolutions of GMS Decisions for the 2015 Fiscal Year

The resolutions of PT Pertamina (Persero)'s GMS regarding the 2015 Annual Report among the Shareholders, Board of Commissioners and Board of Directors, as approved in the minutes of meeting of the GMS for the PT Pertamina 2015 Fiscal Year, in which the Shareholders approved and authorized the complete agenda for the Annual General Meeting for the 2015 Fiscal Year.

B. GMS regarding the Company's Work Plan and Budget for 2017**Agenda and Result**

a. Agenda of the GMS and RKAP 2017

Agenda discussed in Pertamina's GMS regarding the 2017 Work Plan and Budget among the Shareholders, Board of Commissioners and Board of Directors, is as follows:

No	Agenda	Description
1	Agenda 1	Approval/Ratification of the 2017 Work Plan and Budget (RKAP) and the 2017 Partnership and Community Development program budget (RKA-PKBL)
2	Agenda 2	Approval of PT Pertamina's operational aspects indicator in 2017 for the calculation of the Company's health level based on the Decision from the Minister of SOEs No. KEP-100/MBU/2002 dated 4 th June 2002.
3	Agenda 3	Ratification of Key Performance Indicators (KPI) that are contained in the 2017 management contract between the Board of Directors and Board of Commissioners of PT Pertamina (Persero) with the Shareholders of PT Pertamina (Persero)
4	Agenda 4	Approval of a Working Capital Loan withdrawal and the external fund withdrawal
5	Agenda 5	Approval of the implementation of assignment for the supply and distribution of 3 Kg LPG, Specific Fuel Type (JBT) as well as the assignment and distribution of Fuel Type Special Assignment (JBKP) by PT Pertamina (Persero).

b. Resolutions of the GMS decisions regarding the 2017 Work Plan and Budget

Resolutions of the decisions at PT Pertamina (Persero)'s GMS regarding the 2017 Work Plan and Budget among the Shareholders, Board of Commissioners and Board of Directors, and as approved in the minutes of meeting of the PT Pertamina (Persero) GMS regarding the 2017 Work Plan and Budget Approval, in which the shareholders approved and ratified the complete agenda for the 2017 GMS and also Work Plan and Budget.

Extraordinary GMS 2016**Agenda and Result**

In 2016, all Extraordinary General Meetings of Shareholders were conducted circularly. Approvals of EGMS of PT Pertamina (Persero) in 2016 are as follows:

No	Description	Number	Date
1	Appointment of PT Pertamina's (Persero) Members of the Board of Commissioners	SK-68/MBU/03/2016	29 th March 2016
2	Approval of the PT Arun NGL Liquidation Plan	S-337/MBU/06/2016	9 th June 2016
3	Establishment of the Executive Committee for SOE Oil and Gas Holding	SK-26/MBU/D2/06/2016	13 th June 2016
4	Approval of the Deletion of the Fixed Asset PT Pertamina (Persero), which was influenced by the RDMP RU V Balikpapan Project	S-396/MBU/07/2016	11 th July 2016
5	Approval of Capital Issuance for PT Pertamina (Persero) of PT Pertamina Internasional Eksplorasi and Produksi (PTPIEP) and Approval regarding the Conoco Phillips Algeria Ltd (COPAL) Liquidation	S-505/MBU/08/2016	26 th August 2016
6	Amendment of the Positions' Nomenclature and Duties of the Members of the Board of Directors of PT Pertamina (Persero)	SK-242/MBU/10/2016	20 th October 2016
7	Amendment of the Articles of Association of PT Pertamina (Persero)	S-602/MBU/10/2016	20 th October 2016
8	Approval regarding the Deletion of Fixed Assets in RU V Balikpapan, which was influenced by the RDMP-Phase 2 (Area RFCC) project.	S-617/MBU/10/2016	25 th October 2016
9	Dismissal, Transfers of Duties, and Promotion of the Members of the Board of Commissioners, and Appointment of Independent Commissioners of PT Pertamina (Persero)	SK-254/MBU/11/2016	14 th November 2016
10	Amendment of the Articles of Association PT Pertamina (Persero)	S-690/MBU/11/2016	24 th November 2016
11	Appointment of the members of Board of Directors PT Pertamina (Persero)	SK-264/MBU/12/2016	2 nd December 2016
12	Interim Dividend for the 2016 Fiscal Year	S-719/MBU/12/2016	6 th December 2016
13	Establishment of SOE Hospital Holding	S-736/MBU/12/2016	21 st December 2016
14	Spending Budget Revision (ABI) of PT Pertamina (Persero) regarding the 2016 Working and Budget Plan	S-768/MBU/12/2016	30 th December 2016

Other than the above Extraordinary General Meetings of Shareholders, the Shareholders of the Company have taken decisions in lieu of Extraordinary General Meeting of Shareholders (Circular Decisions) 11 (eleven) times. Based on Article 91 of Law No. 40/2007 on Limited Liability Companies and the Minister of SOE Regulation No. Per-01/MBU/2011, decisions taken in this way are legitimate and binding on the Shareholders, the Company and the parties listed in the decisions.

Information regarding Key Shareholder and Controller

The main shareholder and controller of PT Pertamina (Persero) is the Government of the Republic of Indonesia with 100% ownership of shares.



BOARD OF COMMISSIONERS

Member Composition and Basis of Appointment

In 2017, there was a change in the composition of the Board of Commissioners. Based on the General Meeting of Shareholders dated 12th September 2017, Alexander Lay was appointed as Commissioner, bringing the total number of Pertamina members to 6 (six) members.

Name	Position	Basis of Appointment	Term of Office
Tanri Abeng	President Commissioner/Independent Commissioner	Appointment as President Commissioner is based on the Minister of SOE Decision at the General Meeting of Shareholders (GMS) PT Pertamina (Persero) No. KEP-60/MBU/05/2015 dated 6 th May 2015, and the Appointment as Independent Commissioner is based on the Minister of SOE Decision at the General Meeting of Shareholders (GMS) PT Pertamina (Persero) No.SK-254/MBU/11/2016 dated 14 th November 2016.	6 th May 2015 – 31 st December 2017
Arcandra Tahar	Vice President Commissioner	Minister of SOE Decision at the General Meeting of Shareholders (GMS) PT Pertamina (Persero) No.SK-254/MBU/11/2016 dated 14 th November 2016.	14 th November 2016 – 31 st December 2017
Sahala Lumban Gaol	Commissioner	Minister of SOE Decision at the General Meeting of Shareholders (GMS) PT Pertamina (Persero) No.KEP-58/MBU/05/2015 dated 6 th May 2015.	6 th May 2015 – 31 st December 2017
Suahasil Nazara	Commissioner	Minister of SOE Decision at the General Meeting of Shareholders (GMS) PT Pertamina (Persero) No.KEP-58/MBU/05/2015 dated 6 th May 2015.	6 th May 2015 – 31 st December 2017
Edwin Hidayat Abdullah	Vice President Commissioner	Minister of SOE Decision at the General Meeting of Shareholders (GMS) PT Pertamina (Persero) No.SK-68/MBU/03/2016.	29 th March 2016 – 14 th November 2016
	Commissioner	Minister of SOE Decision at the General Meeting of Shareholders (GMS) PT Pertamina (Persero) No.SK-254/MBU/11/2016 dated 14 th November 2016.	14 th November 2016 – 31 st December 2017
Alexander Lay	Commissioner	Minister SOEs Decision at the General Meeting of Shareholders (GMS) PT Pertamina (Persero) No.SK-194/MBU/09/2017 dated 12 th September 2017.	12 th September 2017 – 31 st December 2017

Concurrent Position

Name	Internal Position	External Position
Tanri Abeng	President Commissioner/Independent Commissioner	- Rector of Tanri Abeng University - Commissioner of OSO Group - Director, Middle East Coal, Singapore
Arcandra Tahar	Vice President Commissioner	Vice Minister of ESDM
Sahala Lumban Gaol	Commissioner	Special Staff to Minister of SOE
Suahasil Nazara	Commissioner	Head of Fiscal Policy Board at the Ministry of Finance
Edwin Hidayat Abdullah	Commissioner	Deputy of Energy, Logistic, Zone and Tourism Sector at the Ministry of SOE
Alexander Lay	Commissioner	Special Staff of the Ministry of State Secretariat of the Republic of Indonesia

Duties and Responsibilities

The Board of Commissioners has the duties and responsibilities of overseeing the Company's management policies, advising the Board of Directors, supervising the implementation of long-term plans, work plans and budgets, the Articles of Association and the resolutions of the General Meeting of Shareholders (GMS), and supervise that all regulations are applied in accordance with the purposes and goals of the Company.

The Board of Commissioners also has the obligations of:

- Complying with legislation, Articles of Association and decisions of the GMS and to act in a professional manner.
- Performing supervisory duties of the Board of Directors decisions in performing the role of management of the Company, including the implementation of the Company's LongTerm Plan, Work Plan and Budget and the provisions of the Articles of Association and decisions of the GMS and the applicable legislation.
- Provide advice to the Board of Directors in performing in the role of management of the Company and not intended for the benefit of certain parties/groups.
- Dividing tasks among members of the Board of Commissioners.
- Research, study and sign the Company's LongTerm Plan, Work Plan and Budget as has been prepared by the Board of Directors in accordance with the Articles of Association.
- Set out the Annual Work Program for the Board of Commissioners and include this in the Company's LongTerm Plan.
- Verify periodic reports and the Annual Report as prepared by the Board of Directors and sign off on the Annual Report.
- Report to the Company regarding ownership and/or his/her family ownership in any other company, including any amendments to ownership.
- Propose to the General Meeting of Shareholders (GMS) the appointment of the External Auditor that will audit the Company's books.
- Monitor the effectiveness of Good Corporate Governance practices, including through the organization of regular meetings between the Board of Commissioners and the Board of Directors in order to discuss the implementation of Good Corporate Governance.

- Carry out other obligations within the framework of the task of monitoring and providing advice, as long as not condtrictive to the legislation, Articles of Association and/or GMS decisions.

Board Manual and Board Charter

The Board of Commissioners performs its duties and responsibilities in accordance with the Company's Articles of Association, Board Manual, and the Working Charter. In general, the Board Manual of the Board of Commissioners regulates the following:

- Functions
- Criteria and composition, membership and term of office
- Induction program and competence development program
- Code of Ethics
- Roles and responsibilities of the BoC
- Authorities of the BoC
- Rights of the BoC
- Meetings of the BoC
- Performance Evaluation
- Supporting Organs
- Work Relationship between the BoC and BoD

In addition to the Board Manual which governs the working relationship between all organs in the Company particularly including the BoD and BoC and their supporting organs, the Board of Commissioners also has a Board Charter. The Board of Commissioners has established the Working Procedures Manual within the Board of Commissioners through the Decision Letter of the Board of Commissioners No.15/KPTS/K/DK/2014 dated 19th June 2014. The document is evaluated annually in accordance with any changes to applicable regulations and the requirements of the Company. From 2015 to mid November 2016 the guidelines were still in

effect. On 18th November 2016, in order to conform with the recent demands and scope of work of the Board of Commissioners, the Board of Commissioners felt the need to adjust and re-establish the Code of Work within the Board of Commissioners through the Decision Letter of the Board of Commissioners No.012/KPTS/K/DK/2016 which became effective from that date.

Independence

Criteria for the Independence	Tanri Abeng	Arcandra Tahar	Sahala Lumban Gaol	Suhasil Nazara	Edwin Hidayat Abdullah	Alexander Lay
Not a majority shareholder or official at the institution of the majority shareholder or directly associated with the majority shareholder	√	×	×	×	×	×
Not serving as a Director in the Company or its affiliates	√	√	√	√	√	√
Has not worked in the Company or its affiliates within the last one year period	√	√	√	√	√	√
Has no financial relationship directly or indirectly with the Company or any other company providing services and products to the Company and its affiliates.	√	√	√	√	√	√
Free from conflict of interest and business activities or other relationships that may hinder or interfere the ability of the Board of Commissioners to act or think independently within the Company.	√	√	√	√	√	√

Orientation Program for New BoC Member

Requirements concerning Induction Program for the New BoC are stipulated in the Regulation of State-Owned Enterprises No.PER/01/MBU/2011 dated 1st August 2011 jo. No.PER-09/MBU/2012 dated 6th July 2012, regarding the Implementation of Good Corporate Governance in an SOE and the Decision Letter of the BoC No.012/KPTS/K/DK/2016 dated 18th November 2016, concerning the Board Charter of the BoC of PT Pertamina (Persero). The induction program for Alexander Lay was completed on 4th October 2017. In addition, the Company held induction programs also in business visits to operational units in Pertamina.

Education and Training Program

The development of competence is an important activity of the Board of Commissioners, in order to support the implementation of its duties and responsibilities. Therefore, this activity is included in the Annual Plan and Budget of Board of Commissioners. In 2017, the following members of the Board of Commissioners participated in competence development programs including seminars, training or other competence enhancements:

Table of Education and Competence Training Programs for the members of the Board of Commissioners

No	Date	Name of Board of Commissioner's Members	Event
1	31 st March – 4 th April	Tanri Abeng	Gastech Event (with BoD) in Japan
2	8 th – 12 th May	Edwin Hidayat Abdullah	Asean Global Leadership Program in California
3	15 th May	Arcandra Tahar	Speaker for the People Leader Development Program (PLDP) Generation XI 2017 at the Pertamina Corporate University with the topic "Indonesia's Economic & Political Outlook and Their Effects on PERTAMINA's Vision 2025" in Jakarta
4	20 th – 21 st December	Arcandra Tahar dan Alexander Lay	Program Update regarding the Knowledge Mechanism Publication Price MOPS and Trading Patterns in the Singapore Oil and Gas Market.

Assessment of the Committee's Performance and Basis of Assessment

In performing its duties and responsibilities, the Board of Commissioners is assisted through committees under the Board of Commissioners; i.e. the Audit Committee, the Nomination & Remuneration Committee, and the Risk Management Monitoring Committee. Throughout 2017, the BoC believes that the committees have performed their duties and responsibilities in overseeing the Company's operational and strategic aspects very well.

The Audit Committee monitors the performance of internal audits, independent auditors in auditing financial reports, reviews of the Company's reports to external parties, and the monitoring of internal control systems. In addition, the Audit Committee also assists the Board of Commissioners in monitoring the whistleblowing system, analysing approval for asset deletion, monitoring of Subsidiaries, and other duties granted by the Board of Commissioners.

The Risk Management Monitoring Committee (PMR) conducts regular meetings with management and reviews of strategic locations in order to monitor the Company's performance, achievement of upstream, downstream and investment work plans. The PMR Committee has also undertaken an analysis and provided recommendations regarding strategic decisions for investment.

The Nomination & Remuneration Committee (NR) assists in ensuring highly competent candidates are placed in key positions in the Company. In addition, the Nomination & Remuneration Committee also reviews the remuneration formulations of the Board of Directors, proposed changes to the organizational structure and amendments to the Articles of Association before being submitted to shareholders.

INDEPENDENT COMMISSIONER

Composition and Legal Basis of Appointment

Composition of Independent Commissioner refers to the Regulation of the Minister of SOEs. PER-01/MBU/2011 dated 1st August 2011, regarding the Implementation of Good Corporate Governance in State-Owned Enterprises at least as much as 20%. Through the Decree of the Minister of SOE at the General Meeting of Shareholders of PT Pertamina (Persero), as stipulated in Decree no. 254/MBU/11/2016 dated 14th November 2016, appointed Tanri Abeng (President Commissioner) as an Independent Commissioner. His profile can be viewed in the discussion of the Board of Commissioners' Profile.

Criteria of Appointment

Independent Commissioners are members of the Board of Commissioners who have no financial, management, share ownership and/or family relationships with members of the Board of Commissioners, members of the Board of Directors and/or controlling shareholder or relationship with the Company, which may affect their ability to act independently. The criteria for determining an Independent Commissioner refers to the Regulation of the Minister of SOE no. PER-01/MBU/2011 dated 1st August 2011, regarding the Implementation of Good Corporate Governance in SOEs, Article 13 paragraphs 3 and 4.

Independence Statement

An Independent Commissioner is committed to highly upholding independence, objectivity and justice in performing his roles and responsibilities, through avoiding any decisions and policies which may potentially give rise to a possible conflict of interest or preference towards the interest of one particular party. Independent Commissioners must also maintain the reputation of the Company through the implementation of the principles of GCG in accordance with the prevailing guidelines and regulations, as reflected in the behavior, actions, and any policies made, both individually and collectively.

BOARD OF DIRECTORS

Composition and Legal Basis of Appointment

Name	Position	Legal Basis of Appointment	Term of Office
Elia Massa Manik	President Director	SK-52/MBU/03/2017	16 th March 2017
Arief Budiman	Finance Director	SK-265/MBU/11/2014	28 th November 2014
Syamsu Alam	Upstream Director	SK-267/MBU/12/2014	8 th December 2014
Yenni Andayani*	Gas Director	SK-265/MBU/11/2014	28 th November 2014
Muchamad Iskandar	Marketing Director	SK-264/MBU/12/2016	2 nd December 2016
Dwi Wahyu Daryoto	Asset Management Director	SK-160/MBU/08/2017	15 th August 2017
Toharso	Refinery Director	SK-264/MBU/12/2016	2 nd December 2016
Gigih Prakoso	Director of Investment Planning and Risk Management	SK-160/MBU/08/2017	15 th August 2017
Ardhy N. Mokobombang	Mega Project Refinery and Petrochemical Director	SK-160/MBU/08/2017	15 th August 2017
Nicke Widyawati	Human Resources Director	SK-256/MBU/11/2017	27 th November 2017

* Served as Director of Gas until 13th February 2018

Concurrent Position

Name	Internal Position	External Position
Elia Massa Manik	President Director	None
Arief Budiman	Finance Director	President Commissioner at PIEP, TPI, PEPC/PEPC ADK
Syamsu Alam	Upstream Director	President Commissioner in PHE, PHI, Elnusa, Commissioner at PIEP
Yenni Andayani	Gas Director	President Commissioner of Pertagas
Muchamad Iskandar	Marketing Director	President Commissioner of Pertamina Retail
Dwi Wahyu Daryoto	Asset Management Director	President Commissioner of Patra Jasa, Pelita Air Services & PDSI
Toharso	Refinery Director	None
Gigih Prakoso	Director of Investment Planning and Risk Management	Data to follow
Ardhy N. Mokobombang	Mega Project Refinery and Petrochemical Director	Commissioner of PT KPI (Pertamina International Refinery), Member of Supervisory Board of Pertamina Health Foundation
Nicke Widyawati	Human Resource Director	None

Duties and Authorities of Each Member of the Board of Directors

The Board of Directors is a governance organ responsible for the management of the Company in the interests and purposes of the Company. The Board of Directors is tasked with determining the direction of the Company's objectives, establishing its policies and efforts to achieve them. The duties and authorities of each member of the Board of Directors are as follows:

1. Duties and Authorities of President Director:

- As the Chief Executive Officer, providing guidelines and maintaining the policies pertaining to vision, mission and strategies of the Company.
- Leading BoD members in the implementation of BoD decisions.
- Conducting and leading BoD meetings on a periodical basis based on BoD decisions or other meetings as deemed necessary and proposed by the BoD.
- Determining the decisions to be made in the event of any equal voting results in BoD meetings.
- If unable to attend, assigning a Director to lead the BoD meetings.
- On behalf of the BoD, approving all Decision Letters of the BoD/President Director based on the type of decisions defined under the Articles of Association or any other requirements.
- On behalf of the BoD, assigning employees or other parties to represent the Company both in court and out of court.

- h. Leading and encouraging the establishment of corporate values, image improvements, and Good Corporate Governance.
- i. Leading and coordinating different functions including Corporate Secretary, Legal Counsel, and Internal Audit in achieving the established performance targets.
- j. Providing information to stakeholders concerning the BoD decisions, which have a significant impact on the public, pertaining to business decisions, legal aspects, or the Company-related issues under public scrutiny.
- k. Leading the management and development of the Integrated Supply Chain (ISC) policies in line with the Company's strategies.
- d. To make business decisions as the Upstream Director in accordance with the Director's scope of authority.
- e. To direct and to implement policies regarding Health, Safety & Environment (HSE) and Quality Management in the Directorate of Upstream and related Subsidiaries according to Company policies.
- f. To stipulate the operational budget for upstream business activities in accordance with Board of Directors approval.
- g. To coordinate and to supervise all projects under his authority in the circle of upstream business activities.
- h. To determine business policy/strategy of the Subsidiaries which are under the control of the Upstream Directorate
- i. To lead and to control upstream business development and any related business activities including of geothermal as well as New and Renewable Energy business activities as well as other alternatives associated with oil and gas, which are conducted through operational activities in accordance with corporate policies.

2. Duties and Authorities of Vice President Director

- a. As Chief Operating Officer of Downstream and New & Renewable Energy (EBT), leading and coordinating the Marketing Director, Refinery Director, and SVP EBT related to the business of Downstream and EBT, also being responsible for the overall operational and financial performance of Downstream, all existing refineries, and EBT in an effective and efficient manner.
- b. Leading the BoD meetings in the event that the President Director is unable to attend with due observance relating to the Articles of Association.
- c. Leading and monitoring the implementation of policy and decisions made by the BoD within the Downstream business activities by considering the risks so attributed.
- d. Managing and optimizing Downstream operation efforts in an integrated manner.
- e. Leading and directing business developments in Downstream, EBT & the utilization of technology that focuses on the replacement of fuel, in line with the Company's strategic planning.
- f. Providing business decisions for Downstream and EBT operations.
- g. Steering the policies regarding the aspects of Health, Safety & Environment (HSE) and also Quality Management in Downstream and EBT operations, which are in line with policies of the Company.
- h. Coordinating, selecting and proposing investment opportunities and capital expenditure and approving operating expenses for Downstream & EBT in an integrated manner in accordance with the approval of the BoD.
- i. Coordinating and supervising all operational projects under the authority within the scope of Downstream and EBT activities.
- j. Coordinating policies/business strategies of subsidiaries under the Downstream & EBT with the Marketing Director, Refinery Director, and SVP EBT.

3. Duties and Authorities of the Upstream Director:

- a. To lead and to control the upstream business activities effectively and efficiently as well as to be comprehensively responsible regarding the operational performance and upstream financial performance.
- b. To lead and to supervise the implementation of the Board of Directors policies and decisions concerning the upstream business activities through the consideration of associated risks.
- c. To manage and to optimize exploration and development efforts as well as oil and gas production in accordance with the strategies set out by the Board of Directors.

4. Duties and Authorities of the Gas Director:

- a. To lead and to control activities in the gas business including comprehensive power supply and responsibility regarding the effective and efficient operational and financial performance in the gas business.
- b. To lead and to supervise the implementation of policies and decisions of the Board of Directors in the gas business through the consideration of risks.
- c. To manage and to optimize marketing and commercial efforts, gas product storage and distribution through ships and ground transportation in accordance with the strategy set out by the Board of Directors.
- d. To lead and to direct the scope of business development in the New and Renewable Energy Directorate in accordance with corporate strategic planning.
- e. To make business decisions regarding the New and Renewable Energy Directorate in accordance with the Directors' scope of authority.
- f. To direct, to decide and to implement policies concerning Health, Safety & Environment (HSE) and Quality Management for the New and Renewable Energy Directorate in accordance with policies of the Company.
- g. To propose investment opportunities and capital expenditure budget to the Finance Director and to set out an operational budget for activities in the gas business in accordance with the Board of Directors approval.

- h. To coordinate and to supervise all projects under its authority within the scope of activities in the gas business.
- i. To determine business policies/strategies of Subsidiaries under the New and Renewable Energy Directorate.

5. Duties and Authorities of Refinery Director:

- a. To lead and to control activities in the refining business and be comprehensively responsible regarding the effective and efficient operational, financial and refining performance.
- b. To lead and to supervise the implementation of policies and decisions of the Board of Directors concerning activities in the refining business through consideration of the risks.
- c. To manage and to optimize efforts concerning the improvement of crude oil refining, reliability, complexity, and refinery capacity in accordance with the strategies set out by the Board of Directors.
- d. To lead and to direct the scope of the business development of the Refinery Directorate in accordance with the corporate strategic planning.
- e. To make business decisions regarding the Refinery Directorate in accordance with the Directors' authority and scope.
- f. To direct and to implement policies regarding Health, Safety & Environment (HSE) and Quality Management in the Refinery Directorate and related Subsidiaries according to policies of the Company.
- g. To propose investment opportunities and capital expenditure budget to the Finance Director and to set out an operational budget concerning activities of the refining business in accordance with the Board of Directors approval.
- h. To coordinate and to supervise all projects under its authority within the scope of activities in the refining business.
- i. Developing the petrochemical business in accordance with the Board of Directors Decision Letter No. Kpts-75/CO0000/2013-SO.

6. Duties and Authorities of Marketing Director:

- a. To lead and to control activities related to the processing business and be comprehensively responsible regarding the efficient and effective operational, marketing and financial performance.
- b. To lead and to supervise the implementation of policies and decisions of the Board of Directors concerning the activities of marketing the business through consideration of the risks.
- c. To manage and to optimize the efforts of marketing, commercial, storage and distribution of Fuel and non-Fuel products through through ships and ground transportation in accordance with the strategy set out by the Board of Directors.
- d. To lead and to direct the scope of business development in the Marketing Directorate in accordance with corporate strategic planning.
- e. To make business decisions in the Marketing Directorate in accordance within the scope of the Directors' authority.
- f. To direct and to implement policies regarding Health, Safety & Environment (HSE) and Quality Management in the Marketing Directorate and related Subsidiaries according to Company policies.
- g. To propose investment opportunities and capital expenditure budget to the Finance Director and to set out the operational budget concerning the activities of marketing the business in accordance with Board of Directors approval.

- h. To coordinate and to supervise all projects under its authority within the scope of activities in marketing the business.
- i. To determine business policies/strategies of Subsidiaries under the Marketing Directorate.

7. Duties and Authorities of Finance and Strategy Director:

- a. To lead and to control policy development, management and financial reporting corporately in order to improve the Company's financial performance and level.
- b. To be responsible for financial policies in accordance with the Board of Directors decisions and effectiveness and efficiency of financial functions in Corporate, Directorate, and Operational Units, as well as the achievement of operational performance targets for the Directorate of Finance.
- c. To stipulate, and to coordinate preparation of the Company's Work and Budget Plan (RKAP) and to control accounting, revenue and earning costs as well corporate investment levels.
- d. To consolidate, to control and to supervise preparation and performance of the Company's cash flow based on the Company's Work and Budget Plan in order to improve efficiency.
- e. To direct and to control the Company's financial management which covers funding, budget, treasury, accounting, taxation, insurance, as well as to oversee risk management within the scope of the Directorate of Finance.
- f. To lead and to direct activities concerning the management of the Partnership Program and Environmental Development.
- g. To lead and to direct policies, management, and performance evaluations of the Subsidiaries and Joint Ventures.
- h. To lead and to control activities related to strategic planning (Company's Long-Term Plan) and to harmonize strategies and corporate planning across all Directorates and Subsidiaries.
- i. To lead and to control proposals and the realization of investment projects which are corporate in nature, between the Directorate (grass root) and establishing cooperation with related Directorates in order to utilize any resources and expertise required.
- j. To lead, to coordinate, and to evaluate strategic business development throughout the Directorates.
- k. To lead and to coordinate the implementation of risk management throughout the Company.

- l. To lead and to direct business reviews and portfolio activities which consist of business schemes, business structure, partnerships, financial schemes and stipulated Company work plans.
- m. To lead and to direct monitoring activities, performance evaluations, and corporate transformation activities.

8. Duties and Authorities of Human Resources, Information Technology and General Affairs Director

- a. To lead the development of Human Resources (HR) policies, which cover organizational development activities, industrial relations, compensation and benefit, health, as well as HR services to employees, including in the Subsidiaries.
- b. To lead and to control the activities of Human Resources and the General Affairs Directorate and be comprehensively responsible regarding the effective and efficient implementation of policy.
- c. To lead and to control the activities of Manpower Planning and Human Resources procurement in accordance with the requirements of the Company including in each of the Subsidiaries.
- d. To lead and to encourage the establishment of the Corporate Culture in accordance with the Company's strategies, including the development of Corporate Culture in each of the Subsidiaries.
- e. To stipulate the levels organizational structure under the Manager of each of the Directorates and the function of the President Director.
- f. To stipulate the Company's HR budget in accordance with approval from the Board of Directors.
- g. To lead employees throughout the Company according to all applicable provisions.
- h. To lead regarding the management and development of policies concerning Corporate Shared Services Management, HSSE, Quality Management, Asset Management, and Corporate Strategy sourcing in accordance with Company's strategies.

- i. To coordinate and supervise all projects under its authority within the scope of the Human Resources and General Affairs Directorate.
- j. To lead and to direct the management of Information Technology in the IT Enterprise Wide Systems to support ongoing business innovations.
- k. To lead and to direct management and asset utilization in accordance with the policies of the Company.
- l. To lead and to direct the management of goods and service procurement in accordance with policies of the Company.

Board Manual and Code of Conduct

The Board of Directors performs its duties and authority in accordance with the Company's Articles of Association and the Board Manual. In general, the Board Manual for the Board of Directors regulates the following:

- General policies
- Criteria and composition, membership and term of office
- Induction program and competence development
- Board of Directors' Independence
- Code of Ethics
- Composition, roles and authorities of the BoD
- Meetings
- Performance Evaluation
- Supporting Functions
- Relationship between the Company and subsidiaries.

Independence

Independent Board of Directors Table Based on the 2017 Board Manual

Independence Criteria	Elia Massa Manik	Arief Budiman	Syamsu Alam	Yenni Andayani	Muchamad Iskandar	Dwi Wahyu Daryoto	Toharso	Gigih Prakoso	Nicke Widyawati
Not a majority shareholder or official at the institution of the majority shareholder or directly associated with the majority shareholder.	√	√	√	√	√	√	√	√	√
Not serving as a Director in the Company or its affiliates	√	√	√	√	√	√	√	√	√
Has not worked in the Company or its affiliates within the last one year period	√	√	√	√	√	√	√	√	√
Having no financial relationships directly or indirectly with the Company or any other company providing services and products to the Company and its affiliates.	√	√	√	√	√	√	√	√	√
Free from conflict of interest and business activities or other relationships that may hinder or interfere the ability of the Board of Commissioners to act or think independently within the Company.	√	√	√	√	√	√	√	√	√

Orientation Program

The provisions concerning the introduction of the new Directors Program is regulated by the Minister of SOE Regulation No. PER-01/MBU/2011 dated 1st August 2011, jo. No.PER-09/MBU/2012 dated 6th July 2012, regarding the Implementation of Good Corporate Governance in State-Owned Enterprises.

Education and Training Program

Competence development is a very important activity for the Board of Directors so as to support the implementation of its duties and responsibilities. Therefore, the competency development program is included in the Work Plan and Budget of the Board of Directors. Throughout 2017, competency development programs in the form of seminars, trainings or other competence enhancements, of which the Board of Directors participated are:

Table of Directors Education and Training Program Competence

No	Date	Director's Name	Event
1	13 th April	Elia Massa Manik	Executive Leadership Program for SOE's
	24 th April		ELP Batch 1
	17 th May		Speaker at the PTPN PEDP Program
			Leadership Sharing Session for the Pertamina Global Executive Development Program (PGEDP)
	15 th June		As a subject matter resource at the HSSE Talk Show with the theme "Shaping Safety Based Behavior so as to Achieve Zero Fatalities, We Can"
	12 th September		Indonesian HR Summit 2017: Speaker in Session 10 "Leadership in the Digital Era"
	20 th October		As a subject matter resource at the Pertamina Internal Audit "Energizing & Empowering" Event
	1 st November		Half Day Seminar for Enterprise Risk Management "Energizing Pertamina Business Through Risk Management"
2	9 th February	Arief Budiman	Expand the Leadership Program CLDI
	15 th February		2017Mandiri Workshop for Corporate Banking Bank Mandiri
	17 th March		Guest Lecturer – ITB
	26 th July		2017 International Conference ICMEM/ICIBS
	5 th September		Treasury Festival, Ministry of Finance
	28 th September		Investing in Infrastructur
	14 th October		23 rd Indonesian Rendezvous 2017 - Indonesian General Insurance Association (AAUI)
	27 th October		As a subject matter resource at Bazaar 2 – "Help yourself by helping others"
3	7 th February	Yenni Andayani	The 8 th IndoGas 2017
	14 th March		Asia Pacific Natural Gas Vehicle Association (ANGVA) Conference & Exhibition 2017
			Indonesia - Korea Business Summit
	3 rd April		Gastech 2017
	17 th May		The 41 st IPA Convention & Exhibition
			Indonesia - Lithuania Energy Forum
	2 nd August		The 5 th Indonesia International Geothermal Convention & Exhibition (IIGCE) 2017
	13 th September		The 6 th IndoEBTKE ConEx 2017
	28 th September		The 72 nd National Electricity Day 2017
	18 th October		LNG Producer Consumer 2017
4	15 th September	Toharso	Sharing session with ITS Students
	3 rd October		Speaker at the Sharing Session of Business Unit/Store Cafe Pertamina Retail
	11 th November		Speaker at National Seminar SMKN 3 Tegal

Table of Directors Education and Training Program Competence

No	Date	Director's Name	Event
5	16 th January	Muchamad Iskandar	Workshop at Abu Dhabi Sustainable Week
	18 th January		Leading From ASEAN: From Awareness to Action
	2 nd November		Dialogue at Hiswana Migas –Discussion regarding Fuel Oil
	27 th November		Dialogue at Hiswana Migas - Discussion concerning LPG
6	27 th September	Gigih Prakoso	Mining & Energy Expo 2017, from the Ministry of Energy and Mineral Resources
	20 th October		WPLACE (World Plantation Conference & Exhibition) 2017, topic: Policy & Development Vision of Biofuel Business in PT Pertamina
	16 th November		"KOMET" Forum PT Patra Niaga, Theme: Risk Management
7	15 th July	Dwi W. Daryoto	SOE's Youth Community
	18 th July		Opening Speech Halal Bi Halal PWP 1438H
	21 st July		PERTAMINA: CULTURE Roadshow
	27 th July		Launching of PERTAMINA Digital Community (PDC)
	3 rd August		Opening of ICT Innovation Challenge (IIC) 2017
	11 th August		Workshop focused on Key Behavior Compilation
	14 th August		Submission of QMA 2017 Feedback Report and Results of KPKU Assessment 2016
	17 th August		Up Close Personal the Independence of the Republic Indonesia
	17 th August		PERTAMINA: CULTURE Roadshow
	7 th September		Coordination Meeting of Directorate of Asset Management
	27 th September		Opening Forum at Transformation Ministry & SOE
	26 th September		Health Edutainment
	13 th October		Coffee with Workers of MOR 1 Medan
	19 th October		Workshop for Asset Security
	20 th October		Go-Live New-SIMA
	23 rd October		Internalization of Pertamina Core Values Being Behavior and Working Character
27 th October	Bazaar Energi Negeri 2		
8	8 th September	Ardhy N. Mokobombang	Pertamina Leaders Forum: Bi Weekly
	22 nd September		Submission of Multipurposes Microreactor to ITB
	25 th September		"Sharing Session on Kick Off Event of Program 8 Priority Processing Unit"
	29 th September		Convention of Chemical Engineers 2017 – Pertamina
	10 th October		Co-Host Asia Tech Event
	14 th October		IATK ITB Event "Pak Sas and His Thought"
	1 st November		Event Risk Management Day 2017
	13 th December		Pertamina Energy Forum 2017

GCG IMPLEMENTATION ASSESSMENT

Implementation Procedures

As part of the continuing process of GCG implementation, the Company conducts an assessment focusing on the implementation of GCG from year to year in order to obtain an overview of the effectiveness of the implementation of GCG regarding the best practices within the Company. Pertamina assesses the implementation of GCG based on the Regulation of the Minister of SOE, PER-01/MBU/2011 dated 1st August 2011, regarding the Implementation of Good Corporate Governance in SOEs. With one of its main aims being to encourage the management of SOE's professionally, efficiently and effectively, and to empower the operations and improve the Company's independence.

Parties and Criteria Used to Conduct Assessment

The GCG assessment in Pertamina refers to the parameters set forth in the Decree of the Secretary of the Ministry of SOEs, SK-16/S, MBU/2012 dated 6th June 2012, regarding the Indicators/Parameters of Assessment and Evaluation concerning the Implementation of Good Corporate Governance in SOEs. The criteria used includes Commitment to the Implementation of Sustainable Governance; Shareholders and GMS; Board of Commissioners; Board of Directors; Disclosure of Information and Transparency; including various other aspects.

The measurement of GCG performance through the GCG assessment in Pertamina is conducted by an Independent Consultant. In 2017, Pertamina's GCG performance assessment was conducted by the Financial and Development Supervisory Board (BPKP).

Assessment Results

GCG Assessment results for Pertamina in 2017 achieved a score of 90% while the previous year was recorded at 94.83%.

Table of GCG Assessment Criteria

No	Assessment Criteria	Weight	Achievement (%)	Achievement Category
1	Commitment concerning the Sustainable Implementation of Corporate Governance	7.00	94	Very Good
2	Shareholders and GMS	9.00	89	Very Good
3	Board of Commissioners	35.00	91	Very Good
4	Board of Directors	35.00	92	Very Good
5	Disclosure of Information and Transparency	9.00	88	Very Good
6	Other Aspects	5.00	100	Very Good
Total		100.00	91	Very Good

Assessment of the Board of Commissioners and the Board of Directors

Concerning the assessment aspect regarding the performance of the BoC and BoD, achieved scores of 91 and 90 respectively. This assessment proves that, in general, the performance of the Board of Commissioners and Board of Directors is of a high standard.

Recommendations on Assessment Results

A number of areas of improvement recommended as a result of Pertamina GCG assessment in 2017 include:

- Consistent implementation of GCG Manual and Code of Conduct (Parameter 3).
- Implementation of Whistle Blowing System (WBS).
- Shareholder/GMS/Equity Owner determine the appointment of members and composition of the Board of Directors.

- GMS/Equity Owner evaluates the performance of the Board of Directors and Board of Commissioners/Supervisory Board.
- Work plan of training for members of the Board of Commissioners and training budget.
- Meeting attendance of members of the Board of Commissioners.
- Introduction program for new members of the Board of Directors from internal positions.
- Work plan, budget and report of training for the Board of Directors
- Website management and other awards in publication and information disclosure.

Corporate Governance Perception Index (CGPI)

Corporate Governance Perception Index (CGPI) is a GCG research and rating program that assesses the quality of Corporate Governance in public companies (issuers), SOEs, BUMS, BUMD, Bank and Non Bank Financial Institutions and Islamic Financial Institutions. Assessment is performed using a thematic approach and stakeholder perspective with the period of 1st fiscal year (1st January-31st December). In 2017, the theme was "Change Management within the Framework of Good Corporate Governance".

The benefits of CGPI for Pertamina include:

- Improving the completeness of Good Corporate Governance implementation and focus on mapping the strategic issues related to the implementation Good Corporate Governance.
- Increased corporate capability regarding the implementation of Good Corporate Governance.
- Increased awareness throughout the corporation and stakeholders regarding the importance of Good Corporate Governance.
- Improving the quality of implementation of Good Corporate Governance for enterprise competitiveness and sustainability.

For the period 2017, Pertamina was awarded the category "Trusted Company".

REMUNERATION POLICY FOR THE BOARDS OF COMMISSIONERS AND DIRECTORS

Disclosure of Procedures, Indicators and Fundamentals of Remuneration Determination

The procedures and indicators for the determination for the remuneration of the Board of Commissioners and the Board of Directors are fully conducted by the Ministry of SOE and is not under the Company's authority. The basis for determining the remuneration of the Board of Commissioners and the Board of Directors refers to the Regulation of the Minister of State-Owned Enterprises no. PER-02/MBU/06/2016 dated 20th June 2016, concerning Amendment to the Regulation of the Minister of State-Owned Enterprises and No. PER-04/MBU/2014 concerning the Guidelines for the Stipulation of Directors, Board of Commissioners, and Supervisory Board of State-Owned Enterprises and Decree of SOE Minister SK-122/MBU/06/2017 dated 21st June 2017, regarding the Stipulation of Directors, Board of Commissioners and Board of Trustees of SOEs in 2017.

Specifically, the amount of remuneration is stipulated in the Letter from the Deputy for Energy Business, Logistic, Region and Tourism in the Ministry of SOE as the Holder of the Minister of State Owned Enterprises at the AGMS of PT Pertamina (Persero) no. S-43/D2.MBU/06/2017 dated 21st June 2017, concerning Salary/Honorarium, Allowances and Facilities for 2017 and Tantiem for the performance of the 2016 Fiscal Year. Specifically the remuneration of the Vice President Commissioner refers to the Letter of the Minister of SOEs at the General Meeting of Shareholders of PT Pertamina (Persero) No.S-330/MBU/05/2016 dated 31st May 2016, regarding Related Conditions for the Position of Vice President Commissioner.

Structure and Components of Remuneration

The remuneration structure and components provided to the Board of Commissioners and Board of Directors consist of salary/fees, allowance, facility, and bonus/performance incentive.

1. Salary
 - a. The salary of the President Director is determined by using the internal guidelines issued by the Ministry of SOE at the GMS of PT Pertamina (Persero).
 - b. The salary of other members of the BoD is determined based on position, which represents 90% of the salary of the President Director.
 - c. Salary of the President Commissioner represents 45% of the salary of the President Director.
 - d. Salary of the Vice President Commissioner represents 95% of the salary of the President Commissioner.
 - e. Salary of members of the BoC represents 90% of the salary of the President Commissioner.
2. Allowance

For members of the BoD, the allowances received include religious holiday allowance, housing allowance, and post retirement allowance. As for members of the BoC, the allowances received include religious holiday allowance, transportation allowance, and post retirement allowance.
3. Facilities

Facilities received by members of the BoD include vehicle, health benefits, and legal assistance. As for members of the BoC facilities received include health benefits and legal assistance.
4. Bonus/Performance Incentives

For the provisions in granting this tantiem, refer to the Ministerial Regulation.

The structure and components of remuneration received by the Board of Commissioners and the Board of Directors of Pertamina does not facilitate a performance bonus, non-performance bonus, and/or stock options for each member of the Board of Commissioners and Board of Directors.

FREQUENCY AND ATTENDANCE LEVEL OF MEETINGS OF THE BOARD OF COMMISSIONERS, DIRECTORS, AND MEETING OF THE BOARD OF COMMISSIONERS INVITING THE BOARD OF DIRECTORS

Board of Commissioners Meeting

Table of Frequency and Attendance of Board of Commissioners Meeting

Name of Commissioners	Number of meetings	Presence	Percentage	Absence	
				With Letter of Attorney	Without Letter of Attorney
Tanri Abeng	18	18	100	0	0
Arcandra Tahar	18	15	83	0	3
Sahala Lumban Gaol	18	17	94	1	0
Suahasil Nazara	18	15	83	3	0
Edwin Hidayat Abdullah	18	14	78	4	0
Alexander Lay *)	4	4	100	0	0

*) Alexander Lay was appointed effective 12th September 2017, (Minister of SOEs' Decision as GMS PT Pertamina (Persero) No.SK-194/MBU/09/2017 dated 12th September 2017)

Table of Agenda of the Board of Commissioners' Meetings

Date	Meeting Agenda
22 nd January 2017	Internal Meeting of Dekom: Pertamina Board of Directors
3 rd February 2017	Discussion Concerning the Appointment of the Managing Duties of President Director
7 th February 2017	Nominating a Candidate for the President Director role
9 th February 2017	Advanced Discussion Concerning the Nominated Candidates for President Director
21 st February 2017	Organization of Pertamina
2 nd March 2017	Establishment of Organizations and Positions in Pertamina Related to the Probability of Postponement in the Determination of a Definitive President Director of PT Pertamina (Persero)
29 th March 2017	1. Approval of Tax Amnesty for PT Pertamina (Persero) 2. Meeting Plan with the President Director of Pertamina
26 th May 2017	1. Directorate Organizational Interim Structure of Processing & the Mega Petrochemical Processing and Processing Directorate 2. Pertamina's HR Planning
14 th July 2017	1. Adjustment of the Proposed Organization of PT Pertamina (Persero) 2. Succession Planning 3. Others
26 th July 2017	Organization of PT Pertamina (Persero)
31 st July 2017	Organization of PT Pertamina (Persero)
2 nd August 2017	Organization of PT Pertamina (Persero)
21 st August 2017	Additional Capital for PT Patra Jasa
8 th September 2017	1. Work Plan & Budget for the Board of Commissioners in 2018 2. Request for Referrals to the Ministry of Finance and the Ministry of Energy and Mineral Resources regarding the Patterns of Relationship between DPR and Pertamina 3. Others

Table of Agenda of the Board of Commissioners' Meetings



Date	Meeting Agenda
4 th October 2017	1. Company Introduction Program for New Commissioners 2. Determination of Chairman and Vice Chairman of the Committee 3. Division of Duties Among the Committees 4. Others
19 th October 2017	Revising RKAP of PT Pertamina (Persero) for 2017
30 th October 2017	Proposed RKAP of PT Pertamina (Persero) for 2018
6 th November 2017	Implementation of the Orca-2 Project

Board of Directors Meeting

Table of Frequency and Attendance of Board of Directors Meeting



Directors	Number of Meeting	Attended	Percentage
President Director	48	43	90%
Upstream Director	48	37	77%
Gas Director	48	32	67%
Refinery Director	48	37	77%
Marketing Director	48	35	73%
Mega Project Refinery and Petrochemical Director	48	34	71%
Finance Director	48	40	83%
Planning, Investment and Risk Management Director	48	12	25%
Human Resource Director	48	15	31%
Asset Management Director	48	36	75%

Table of Agenda of the Board of Directors' Meetings



No.	Date	Meeting Agenda
1	4 th January 2017	Discussion regarding the Performance of Refinery and Fuel Oil Abandonment & Site Restoration Pertamina Foundation
2	10 th January 2017	ESA and MESOP Policy for the Subsidiaries of PT Pertamina (Persero)
3	24 th January 2017	KPI Target Setting for 2017 Discussion concerning the Collective Bargaining Agreement VI Support for the 2018 Asian Games Non RRD Notes Dated 24th January 2017,
4	2 nd February 2017	Interview by the Assessor for GCG assessment in 2016
5	9 th February 2017	PTKAM
6	14 th February 2017	Oil and Gas Draft Law Discussion regarding BTP Media Update BUMN Card
7	3 rd March 2017	Oil and Gas Draft Law Updates regarding Mahakam Crown Project
8	10 th March 2017	Resettling and Realization of the 2016 KPI
9	15 th March 2017	Distribution of the Incentive Pool Per Directorate/Neck Function Bojanegara LNG Terminal Update of Media Issues & Press Conference
10	24 th March 2017	Exposure of the Directorate of Mega Project Incentives and Bonuses for Subsidiaries
11	4 th April 2017	Oil and Gas Law WBS socialization Introduction of GCG to Directors

Table of Agenda of the Board of Directors' Meetings

No.	Date	Meeting Agenda
12	11 th April 2017	Utilization of Simprug Area by Pertamina Foundation for Pertamina University Arrangement of Office Space for Mega Project Organization HR Policy
13	18 th April 2017	Maurel et Prom (M&P) Use of PT Pertamina (Persero) as the initiator of AMDAL of Tuban NGRR Project RDMP Balikpapan Mahakam Block
14	25 th April 2017	Reporting Results of PKB Negotiations 2017-2019
15	2 nd May 2017	Joint Agreement regarding PSL Fund Management for Devotion (PAP) and Retirement Health Services (LKP) Planning for the GMS Separation (Spin Off) business of the Charter Out Shipping Function to PT Pertamina International Shipping and Proposed Work Plan and Budget for 2017 in PT Pertamina International Shipping
16	9 th May 2017	Legal East Natuna Presentation Presentation Preparation for the Mahakam Block (HR Town Hall) Salary Increase Number of Recruitment Requirements for 2017 Follow up concerning the Retreat Results with BoC Results of Beauty Contest for the Crude Processing Deal (CPD) Period H2 (July - December 2017)
17	16 th May 2017	Report and Discussion regarding the Financial Performance of PT Pertamina (Persero) for April 2017 (Cash Flow Analysis - Financial Performance Exposure) Waiver Condition Precedent Acquisition of Rosneft Upstream Asset from the JV Agreement for the Tuban NGRR Project Jambaran Tiung Biru Absorbent Replacement Paraxyline RU-IV Cilacap Open Acces RU III Plaju Review of the Organizational Structure of PT Pertamina (Persero) Safari Ramadhan 2017 CSR RKA Approval
18	23 rd May 2017	Update concerning the 8 Priorities Opening of the Data Room for Divestment and creating the MOU for the Upstream Strategic Cooperation Proposed Revision SK 18/2016 regarding the Authority of Signatories Against Transaction Values Project Investment Progress (BD and Non BD) Proposed Tantiem for Board of AP Directors
19	29 th May 2017	Implementation of Foreign Currency Transactions Decision Related to the Purchase Catalyst for the TPPI Plant Utilization of Tanjung Batu's assets Facilities Requirement for Pertamina University Cyber Security Assessment Report
20	6 th June 2017	Presentation of 2017 Logo Material of Pertamina
21	13 th June 2017	2017 Prognosis Corporate Strategy Preparation for Idul Fitri Mudik Highlight Results of the 5 th Steering Committee Meeting regarding the RDMP RU IV Project in Cilacap JTB
22	20 th June 2017	Compliance Awareness
23	4 th July 2017	BoD Cyber Security War Game Strategic Challenges & Scope of Synergy Processing & MP3 Summary Report for the Task Force the 2017 Lebaran
24	11 th July 2017	FEED Completion and FID Approval for RDMP RU V Balikpapan Update on PLBC Focus on Pertamina's Strategy
25	20 th July 2017	Financial Profile Audit Report regarding the Internal Audit Operations
26	11 th July 2017	Dry Run Material of Oil and Gas Draft Law for FGD with DPR Legislative Body

Table of Agenda of the Board of Directors' Meetings



No.	Date	Meeting Agenda
27	27 th July 2017	One Price for Oil and Gas PDV Restructuring
28	1 st August 2017	RDMP RU V Balikpapan
29	10 th August 2017	Tax Update and 2018 Tax Risk Revision of 2017 ABI RKAP Discussion regarding the Commitment and Values of the 2018 Asian Games Sponsorship Governance: Foundations at Pertamina (Pertamina Foundation and Pertamina Health Foundation) Results of the Milan Project Review (Babar Selaru Divestment) Jatayu Project (JTB)
30	15 th August 2017	PES Debt Settlement and/or Paid Settlement Update Office Space Setup Development of Corporate Command Center of PT Pertamina (Persero)
31	22 nd August 2017	Proposed Bilahan Basic Organization of Pertamina Payment of Severance Payment Difference for Co-workers PIEP Corporate System
32	29 th August 2017	Recovery of Land Asset
33	5 th September 2017	Revision of 2017 ABI RKAP Air Bridge Program
34	11 th September 2017	New Direction and Strategy of the Pertamina "Towards a World Class Energy Company 2025" PTKAM Report Road to 60
35	19 th September 2017	Implementation of Undergraduate Professional Guidance integrated with Cross Pollination Program Preventive Efforts to Combat IT Fraud Systems Approval of the Amendment of the Articles of Association of PT PIS
36	26 th September 2017	2018 ABI RKAP
37	3 rd October 2017	Blending Mogas Series at TBBM Tanjung Uban Organization of Pertamina Restructuring of PT Patra Badak Arun Solusi As a Subsidiary and Sub Holding for Gas Processing Business Cooperation Guidelines
38	17 th October 2017	Approval of 2018 RKAP Proposal Policy Structure of the Subsidiary's Capital Renovation of the Main Building Lobby at KP as well as the construction of the Command Center, Executive Gallery & Lounge
39	24 th October 2017	Management of PEPC ADK Update regarding TPPI Issues Repair concerning the Legal Counsel & Compliance related with the Organization Litigation
40	1 st November 2017	Discussion of Materials for the 3 rd Quarter Performance Press Conference Contract Management and Corporate Health Level Follow Up regarding Pertamina Tower Travel Report to Houston (RTC)
41	7 th November 2017	Presentation of Pertamina's 60th Anniversary Activities
42	30 th November 2017	Application for Approval of the Signature of the JV Term Sheet of TDAE Plant -RU IV Cilacap Discussion regarding the RDP Materials Commission VII- on Monday, 4th December 2017,
43	5 th December 2017	Exposure Planning of the KP Main Building and Preparation of the Workspace for the Directors Update the Strategy of Pertamina 2050
44	15 th December 2017	Progress of Oil and Gas one Price and LPG Readiness for Christmas and New Year

Board of Commissioners Meetings with an Invitation to the Board of Directors

Table Frequency and Attendance of Board of Commissioners Meeting involving an Invitation to the Board of Directors

Name of Commissioners	Number of Meetings	Attended	Percentage (%)
Tanri Abeng	10	10	100
Arcandra Tahar	10	7	70
Sahala Lumban Gaol	10	8	80
Suahasil Nazara	10	4	40
Edwin Hidayat Abdullah	10	6	60
Alexander Lay*)	3	3	100
Elia Massa Manik **)	7	5	71
Arief Budiman	10	10	100
Syamsu Alam	10	9	90
Yenni Andayani	10	8	80
Muchamad Iskandar	10	6	60
Dwi Wahyu Daryoto	10	10	100
Toharso	10	9	90
Gigih Prakoso ***)	4	3	75
Ardhy N. Mokobombang ****)	4	2	50
Nicke Widyawati *****)	1	1	100
Dwi Soetjipto *****)	3	1	33
Ahmad Bambang *****)	3	1	33
Rachmat Hardadi *****)	6	4	66

*) Alexander Lay was appointed effective 12th September 2017, (Decree of the Minister of SOEs at the GMS of PT Pertamina (Persero) No.SK-194/MBU/09/2017 dated 12th September 2017).

**) Elia Massa Manik was appointed effective 16th March 2017, (Decision of the Minister of SOEs at the GMS of PT Pertamina (Persero) No.SK-52/MBU/03/2017 dated 16th March 2017).

***) Gigih Prakoso was appointed effective on 15th August 2017, (Decision of the Minister of SOEs at the GMS of PT Pertamina (Persero) No.SK-160/MBU/08/2017 dated 15th August 2017).

****) Ardhy N. Mokobombang effective 15th August 2017, (Decision of the Minister of SOEs at the GMS of PT Pertamina (Persero) No.SK-160/MBU/08/2017 dated 15th August 2017).

*****) Nicke Widyawati was appointed effective on 27th November 2017, (Decision of the Minister of SOEs at the GMS of PT Pertamina (Persero) No.SK-256/MBU/11/2017 dated 27th November 2017).

*****) Dwi Soetjipto was dismissed effective on 3rd February 2017, (Decision of the Minister of SOEs at the GMS of PT Pertamina (Persero) No.SK-26/MBU/02/2017 dated 3rd February 2017).

*****) Ahmad Bambang was dismissed effective on 3rd February 2017, (Decision of the Minister of SOEs at the GMS of PT Pertamina (Persero) No.SK-26/MBU/02/2017 dated 3rd February 2017).

*****) Rachmat Hardadi was dismissed on 15th August 2017, (Decision of the Minister of SOEs at the GMS of PT Pertamina (Persero) No.SK-160/MBU/08/2017 dated 15th August 2017).

Table of Meeting Agendas for the Board of Commissioners Involving an Invitation to the Board of Directors

Date	Meeting Agendas
24 th January 2017	Joint Discussion with the Board of Directors regarding the Organization & Human Resources at the Directorate of Pertamina
8 th February 2017	1. Report of KAP PSS-EY Concerning the Progress with the Audit of the Financial Statements for 2016 2. Other agendas
13 th March 2017	1. Preparation of the AGM Ratification of the Annual Report for PT Pertamina (Persero) in the 2016 Fiscal Year 2. Other agendas
27 th April 2017	Board of Directors' Report regarding the Monitoring and Evaluation in the Achievements of the 2017 RKAP Goals through to March
7 th June 2017	1. Follow Up to the Retreat for the Board of Commissioners - Board of Directors in Bali: A. Organizational Structure (Refs Letter of the Board of Directors No.R-113/C00000/2017-S0) B. Job Positioning Option-Strategic (Succession Planning) 2. Mega Project Investment Review 3. Board of Directors' Report regarding the Monitoring and Evaluation of the 2017 RKAP Goals through to April
12 th June 2017	1. Additional Agenda: Pertamina Internal Team to Anticipate the New Oil and Gas Law 2. Follow Up concerning the Retreat of the BoC In Bali: A. Organizational structure (Ref. Surat Direksi No.R-113/C00000/2017-S0) B. Job Positioning Option-Strategic (Succession Planning) 3. Mega Project Investment Review
30 th August 2017	1. Board of Directors' Report regarding the Monitoring and Evaluation in the Achievement of the 2017 RKAP Goals through to July 2. (Additional): Progress Update for the RDMP and GRR Projects
4 th October 2017	1. Board of Directors' Report regarding the Monitoring and Evaluation in the Achievement of the 2017 RKAP Goals through to August 2. (Additional): Pertamina Strategy Focus 2025 3. Strategic Narrative of Proposed 2018 RKAP 4. Organizational Structure of PT Pertamina (Persero) 5. (Additional): Implementation of the Orca-2 Project 6. (Additional): Progress Update the RDMP & GRR Projects
25 th October 2017	1. Board of Directors' Report regarding the Monitoring and Evaluation in the Achievement of the 2017 RKAP Goals through to September 2. Proposed 2018 RKAP
29 th November 2017	1. Board of Directors' Report regarding the Monitoring and Evaluation in the Achievement of the 2017 RKAP Goals through to October 2. Pending Matters 3. Other agendas

AFFILIATED RELATIONSHIPS

All members of the Board of Commissioners have no relationship affiliations in terms of kinship or financial with other members of the Board of Commissioners, members of the Board of Directors and Shareholders. All members of the Board of Directors also have no relationship affiliation in terms of kinship or financial with other members of the Board of Directors, members of the Board of Directors and Shareholders.

Table of Affiliated Relationships of the Board of Commissioners and the Board of Directors

Description	Family Relationship			Business Relationship		
	Board of Commissioners	Board of Directors	Shareholders	Board of Commissioners	Board of Directors	Shareholders
Board of Commissioners						
Tanri Abeng	x	x	x	x	x	x
Arcandra Tahar	x	x	x	x	x	x
Sahala Lumban Gaol	x	x	x	x	x	x
Suhasil Nazara	x	x	x	x	x	x
Edwin Hidayat Abdullah	x	x	x	x	x	x
Alexander Lay	x	x	x	x	x	x
Board of Directors						
Elia Massa Manik	x	x	x	x	x	x
Syamsu Alam	x	x	x	x	x	x
Yenni Andayani	x	x	x	x	x	x
Toharso	x	x	x	x	x	x
Muchamad Iskandar	x	x	x	x	x	x
Ardhy N. Mokobombang	x	x	x	x	x	x
Arief Budiman	x	x	x	x	x	x
Gigih Prakoso	x	x	x	x	x	x
Dwi Wahyu Daryoto	x	x	x	x	x	x
Nicke Widayawati	x	x	x	x	x	x

POLICY OF DIVERSITY REGARDING THE COMPOSITION OF THE BOARDS OF COMMISSIONERS AND DIRECTORS

In particular, Pertamina has no specific policy in determining the diversity of the composition of members of the Board of Commissioners and the Board of Directors. The authority in determining the diversity of the composition is the right of the Government as the shareholder.

Currently, the composition of Pertamina's Board of Commissioners and Board of Directors covers the diversity of areas of Expertise, Education and Experience related to Pertamina's major Industrial, Financial, Economic and Corporate Governance activities. The current Board of Commissioners' composition has no female members, however making up the composition of the Board of Directors, there has been two female Directors appointed.

Regarding the composition of members of the Board of Commissioners and Board of Directors in 2017 from the aspect of expertise, they possess diverse educational backgrounds in engineering, management, finance and business, which will effectively support the Company's business activities. In terms of career and work experience, each member of the Board of Commissioners and Directors possesses various career development paths, including in Petroleum and Energy, Education, Banking, Insurance and Information Technology, both in the private sector and the government. In terms of age, members of the Board of Directors and Board of Commissioners also represent broad range of ages.

AUDIT COMMITTEE

Members Profile

Tanri Abeng - Chairman and concurrently a Member

Profile can be viewed in profiles of the Board of Commissioners.

Sahala Lumban Gaol - Vice Chairman and concurrently a Member

Profile can be viewed in profiles of the Board of Commissioners.

Edwin Hidayat Abdullah - Vice Chairman and concurrently a Member

Profile can be viewed in profiles of the Board of Commissioners.

Dwi Martani - Member

Is an Indonesian citizen, she was born in Wonogiri, and is currently domiciled in Depok (47 years old). She joined Pertamina as a staff member on the Audit Committee on 1st May 2013. She is also a member of The Government Accounting Standards Committee, the Steering Committee of the Financial Accounting Committee of Bank Indonesia, the National Board of Accountants of the Indonesian Institute of Accountants (IAI), the Professional Standards Assistance and Implementation Committee (KAISP) - the Indonesian Institute of Certified Public Accountants (IAPI) and on the Audit Committee for PT Unilver (Tbk).

She also works as a lecturer in the Accounting Department, Faculty of Economics and Business University of Indonesia (FEB UI) and a consultant and trainer at the FEB UI Accounting Development Center. Active as a speaker at seminars of PSAK, IFRS, and supporting the Government's Accounting Standards, Taxation, Financial Statement Analysis, Finance, Management Accounting and Accounting Curriculum. She has served as Chairman and Secretary of the Accounting Department, Chairman of the Accounting Laboratory, Head of Student Affairs Diploma Program of Accounting. She holds a Bachelor degree in Economics majoring in Accounting (1993), and Doctoral Program of Post Graduate Program in Financial Management (2004), from University of Indonesia.

Agus Yulianto - Member

Is an Indonesian citizen. Aged 56 years old, he was born in Klaten and is currently domiciled in South Tangerang. He completed his Diploma IV in Accounting from STAN in Jakarta (1991) and earned his Master of Accountancy from Case Western Reserve University, Cleveland OH, USA (1993).

His career includes, Member of the Audit Committee of PT Telkom Tbk, after being appointed as a financial expert. Specifically, as a Member of the Audit Committee, he was assigned as a WhistleBlower Protection Officer (WPO), responsible for handling complaint management for the complete process starting at the point of receiving complaints to monitoring the follow-up until the complaint has been declared as resolved. Previously, he held the position as the Head Financial Management Specialist for projects funded by the Multi Donor Fund managed by the World Bank in Aceh (2009-2010). Previously, he also had his own business in the field of Internal Audit

consultations and training service providers regarding Financial Accounting and Internal Auditing. Also active as a facilitator for internal training at various institutions from 1998. Also worked at the BPKP (1993-1999).

Bonar Lumban Tobing - Member

Is an Indonesian citizen. Aged 58 years old, he was born in P. Siantar and is currently domiciled in Bekasi - West Java. He graduated from the Faculty of Economics majoring in Accounting, University of Indonesia (1986) and an MBA Program majoring in Finance at the Rutgers Business School, The State University of New Jersey, USA (1993).

He retired from PT Bank Mandiri (Persero) in July 2015, with the following work experience during his time at PT Bank Mandiri (Persero): VP-Area Manager (2005-2008), VP-Deputy Regional CEO (2009), SVP-Regional CEO (2009) -2012) and SVP-Dean of the Retail Banking Academy - Mandiri University (2013-2015).

Concurrent Position Information

Information regarding the concurrent positions of members of the Audit Committee from members of the Board of Commissioners can be viewed in the Concurrent Position Information for the Board of Commissioners. All members of the Audit Committee who do not serve as Commissioners do not have external dual positions outside Pertamina containing any possible conflicts of interest.

Independence

In performing its duties and responsibilities, all members of the Audit Committee are committed to upholding the principles of Good Corporate Governance practices by being objective, professional, and independent. The Audit Committee will not take any decisions under pressure and/or intervention from any party and are committed to avoiding any conflict of interest. Therefore, all members of the Audit Committee have no relationship affiliations both regarding kinship and business relationships with members of the Board of Commissioners and members of the Board of Directors.

Task and Responsibilities

Task and Responsibilities of Audit Committee:

- To assist the Board of Commissioners to ensure the effectiveness of the internal control system and the task of the implementation of external auditor and internal auditor.

- To assess activities related to implementation and audit results performed by the Internal Audit or External Auditor.
- To provide recommendations concerning the improvement of the management control systems and implementation.
- To ensure that there is a satisfactory review procedure towards the information related to the Company's Financial Statements.
- To identify matters requiring attention from the Commissioners.
- To make a review regarding the Company's Long-Term Plan, and the Company's Work and Budget Plan, as well as other management and information reports.
- To make a review regarding the Company's compliance towards the laws and regulations in relation to the Company's activities.
- To make a review and to follow-up regarding any complaints in relation to the Company.
- To study the adequacy of the Internal Audit function, including the number and competency of auditors, Annual Work Plan and completed assignments.
- To study the adequacy of the External Audit implementation, which includes audit planning and the numbers of auditors.
- To make a review regarding the independence and objectivity of the Public Accountant that will perform the audit on the Company's financial statements and other financial activities.
- To make a review regarding the adequacy in the examination performed by the Public Accountant to ensure that all important risks have been carefully considered.
- To make a review regarding community complaints and to monitor the implementation of the whistleblowing system.
- To perform other tasks assigned by the Commissioners.

Code of Conduct

The Audit Committee has the Committee Charter that explains organization, membership, code of ethics, function, jobs, authority, responsibility, and work mechanism of the Committee.

Audit Committee Period

Name	Position	Sk	Term of Office
Tanri Abeng	Chairman concurrently Member	005/KPTS/K/DK/2015	26 th May 2015 - 1 st August 2015
		007/KPTS/K/DK/2016	1 st August 2016 - 18 th November 2016
		010/KPTS/K/DK/2016	18 th November 2016 - 4 th October 2017
		008/KPTS/K/DK/2017	4 th October 2017 - present
Sahala Lumban Gaol	Vice Chairman concurrently Member	005/KPTS/K/DK/2015	26 th May 2015 - 1 st August 2015
		007/KPTS/K/DK/2016	1 st August 2016 - 18 th November 2016
		010/KPTS/K/DK/2016	18 th November 2016 - 4 th October 2017
		008/KPTS/K/DK/2017	4 th October 2017 - present
Edwin Hidayat Abdullah	Vice Chairman concurrently Member	008/KPTS/K/DK/2017	4 th October 2017 - present
Dwi Martani	Member	009/KPTS/K/DK/2015	6 th July 2015 - 31 st December 2015
		023/KPTS/K/DK/2015	1 st January 2016 - 30 th April 2018
Agus Yulianto	Member	013/KPTS/K/DK/2015	1 st August 2015 - 31 st December 2015
		023/KPTS/K/DK/2015	1 st January 2016 - 31 st December 2018
Bonar Lumban Tobing	Member	013/KPTS/K/DK/2015	1 st August 2015 - 31 st December 2015
		023/KPTS/K/DK/2015	1 st January 2016 - 31 st December 2018

Attendance Level of the Audit Committee Meetings

Name	Position	Term of Office	Presence				
			Internal Meeting	Meeting invited the Directorate	Board of Commissioners Attending	Attend Meetings of Other Committees	Attend External Invitations
Tanri Abeng	Chairman concurrently Member	1 st January – 31 st December	1	1	*) Can be viewed in the attendance table of the Board of Commissioners	1	0
Sahala Lumban Gaol	Vice Chairman concurrently Member	1 st January – 31 st December	8	4		1	0
Edwin Hidayat Abdullah	Vice Chairman concurrently Member	18 th November – 31 st December	0	0		0	0
Dwi Martani	Member	1 st January – 31 st December	8	40	5	2	1
Agus Yulianto	Member	1 st January – 31 st December	8	40	6	2	1
Bonar Lumban Tobing	Member	1 st January – 31 st December	8	39	6	3	1

Meeting Agenda

Throughout the 2017, the Audit Committee held meetings with agendas covering discussions related to the performance, plans and strategies of the subsidiaries, discussions related to the performance of the Audit Committee with the Internal Audit, Audit Committee meetings including Functions, discussion concerning the audit findings, and appointment of the Public Accounting Firm. In addition, there were several other meeting agendas discussed by the Audit Committee as following:

No	Date	Topic of Discussion
1	4 th January 2017	Utilization of Pertamina's Assets at Jl. Medan Merdeka Timur no. 11, 12, 13 Central Jakarta by PT Patra Jasa
2	6 th -9 th January 2017	Audit Committee Meetings with PKBL Functions in Bali: Improving CSR and PKBL Activities
3	11 th January 2017	Audit Committee Meeting with the SJV Function Directorate of Finance and Corporate Strategy and Management PT TPI: Management Policy Consultation Stock Option Program and Employee Stock Allocation Program in IPO PT TPI
4	11 th January 2017	Audit Committee Meeting with EY: Progress of 2016 Financial Statement Audit
5	16 th January 2017	Audit Committee Meeting with HSSE Function: Fire Case in RU V Balikpapan
6	16 th January 2017	Audit Committee Meeting with SJV Function Directorate of Finance and Corporate Strategy and Management PT TPI: Stock Option Management Policy Program and Employee Stock Allocation Program in PT TPI IPO
7	16 th January 2017	Audit Committee Meeting with EY: Progress of the 2016 Financial Statement Audit
8	18 th January 2017	Audit Committee Meetings with Public Accountant: the Progress of the 2016 Financial Statement Audit
9	19 th January 2017	Audit Committee Meeting with PT Pertamina Patra Niaga: Performance and Progress of the 2016 Audited Financial Statements of PT Pertamina Patra Niaga
10	23 rd January 2017	Audit Committee Internal Meeting: RKAP Report 4 th Quarter/2016
11	23 rd January 2017	Audit Committee Meeting with PWC: Progress of Auditing in 5 of Pertamina's subsidiaries in PWC Audit (PTK, Pertamina Retail, PDV, PAS and PTC)
12	24 th January 2017	Audit Committee Meetings with SMEPP & CSR: 1. 2016 Performance 2. Progress of Completion of the 2016 Financial Statements 3. 2017 Strategic Plan
13	25 th January 2017	Audit Committee Meeting with EY: Progress Audit of the 2016 Financial Report
14	25 th January 2017	Audit Committee Meeting with the Function of the Asset Management Directorate of Human Resources, IT, and General Affairs and PT Patra Jasa: Utilization of PT Pertamina (Persero) Owned Assets in Medan Merdeka Timur No.11, 12 and 13 by PT Patra Jasa
15	25 th January 2017	Audit Committee Meeting with RSM AAJ: Progress Audit of the 2016 Financial Statements Year of PT Patra Jasa
16	1 st February 2017	Audit Committee Meeting with SJV Function Directorate of Finance and Corporate Strategy: 1. Performance of Subsidiaries in 2016 and the Settlement of the 2016 Financial Statements 2. Strategic Plan for Managing Subsidiaries: The Master Corporate Strategy for the Subsidiaries 3. Target Performance for the Subsidiaries in 2017
17	1 st February 2017	Audit Committee Meeting with EY: Progress Audit for the 2016 Financial Report
18	1 st February 2017	Audit Committee Meeting with LCC Function: Legal Case in Pertamina
19	2 nd February 2017	Audit Committee Meeting with CSS Function: Internal Control Improvement
20	2 nd February 2017	Audit Committee Meetings with Internal Audit: 1. Internal Audit Performance (IA) for 2016 2. Follow-up of IA on Audit Findings, BPK Audit and ICM KAP 3. Assessment of IA regarding the Company's Internal Control 4. Strategic Findings of Audit and Investigation Results 5. 2017 Strategic Plan 6. Progress of the 2016 Financial Statement Audit Completion and Audit Evaluation Plan
21	2 nd February 2017	Audit Committee Meetings with IA and KAP: Internal Control Improvement
22	2 nd February 2017	Audit Committee Meeting with Asset Management Function Directorate of Human Resources, IT and General Affairs: Cooperation of Asset Optimization related to Amendment of Articles of Association
23	2 nd February 2017	Internal Meetings of the Audit Committee: 2016 Strategic Investment Monitoring
24	7 th February 2017	Audit Committee Meeting with EY: Clarification to EY regarding PCAOB Sanctions
25	9 th February 2017	Audit Progress of the 2016 Financial Statements
26	9 th February 2017	Audit Committee Meeting with SJV Function Directorate of Finance and Corporate Strategy and PT PEP: 1. Performance of PT Pertamina EP for 2016 2. Plan and Strategy of PT Pertamina EP for 2017 3. Progress of the 2016 Financial Report Audit 4. Major Business Partners of PT Pertamina EP and its activities
27	14 th February 2017	RAudit Committee Meeting with SJV Function Directorate of Finance and Corporate Strategy and PT PHF: 1. Performance of PT PHE for 2016 2. Plan and Strategy of PT PHE for 2017 3. Progress of the 2016 Financial Report Audit 4. Major Business Partners of PT PHE and its activities
28	21 st February 2017	Audit Committee Meeting with SJV Function Directorate of Finance and Corporate Strategy and PT Pertamina Lubricants (PL): 1. Performance of PT PL for 2016 2. Plan and Strategy of PT PL for 2017 3. Progress of the 2016 Financial Report Audit 4. Major Business Partners of PT PL and its activities
29	21 st February 2017	Audit Committee Meeting with Investor Relation Function - Corpsec: the 2016 Annual Report (AR) & Sustainability Report (SR) Discussion
30	22 nd February 2017	Internal Meeting of the Audit Committee: Preparation of AGM Ratification of the 2016 Annual Report for PT Pertamina (Persero)
31	22 nd February 2017	Meeting with the Finance Directorate: Buyback Program on Pertamina's Bonds

No	Date	Topic of Discussion
32	22 nd February 2017	Audit Committee Internal Meeting: RKAP Report 4 th Quarter/2016
33	22 nd February 2017	Meeting with Legal Counsel & Compliance Function: Petral Liquidation Renewal Application
34	22 nd February 2017	Audit Committee Meeting with IA: Procurement of the Public Accountant (KAP)
35	28 th February 2017	Meeting with Fs. Technical Services - Dit. Marketing: Progress Development of Lubricant Production Unit Jakarta
36	28 th February 2017	Consignment of the Audit Committee with Investor Relation Function - Corpsec and Secretariat of the Board of Commissioners related to the 2016 AR and SR
37	28 th February 2017	Audit Committee Meetings with Dit. Finance & SP and PT PIEP: 1. 2016 Performance 2. Plan & Strategy for 2017 3. Progress of the 2016 Financial Statement Audit 4. Changes in the Equity of PT Pertamina (Persero) at PT PIEP within the framework of the completion of the Orca-2 Project Transaction
38	2 nd -3 rd March	Consigning All Committees and Compliance Functions discussed in the Amendment of the Articles of Association and Improvements of the Board Manual
39	7 th March 2017	Audit Committee Meetings with Fs.SJV - Dit. Finance & SP and PT PDSI: 1. 2016 Performance 2. 2016 Financial Statement Results 3. Corporate Plan for 2017
40	14 th March 2017	Meeting with ISC: New Method of Crude Procurement
41	15 th March 2017	New Method of Crude Procurement
42	29 th March 2017	Audit Committee Meetings with Dit. Finance & SP and PT PEPC ADK : 1. 2016 Performance 2. Plan & Strategy for 2017 3. Progress of the 2016 Financial Statement Audit
43	30 th March 2017	Audit Committee Meeting with IA: 1. Results of the Investigation Audit of 2016 and Follow Up Actions that have been Completed 2. Investigation Audit Plan for 2017 3. Some Strategic Findings that have been Completed or are still in the Settlement Process
44	4 th April 2017	Audit Committee Meetings with Dit. Finance & SP: 1. Amnesty Tax Activity Report and the impact of the 2017 Financial Report 2. PT Pertamina Tax System (Persero) and its relation with MySAP 3. Potential Tax Issues 4. Tax System Improvement Strategy
45	4 th April 2017	Audit Committee Meetings with Dit. Keuangann & SP and PT Pertamina Retail: 1. 2016 Performance 2. Plan & Strategy for 2017 3. Progress of the 2016 Financial Statement Audit
46	11 th April 2017	Audit Committee Meetings with Dit. Finance & SP and PT PGE: 1. 2016 Performance 2. Plan & Strategy for 2017 3. Progress of the 2016 Financial Statement Audit
47	12 th April 2017	Audit Committee Meetings with Fs.SMEPP & CSR: 1. Monitoring Activity until 1 st Quarter 2. Strategic and important activities of 1 st Quarter 3. Strategy of achieving the target of the 2107 RKAP
48	18 th April 2017	Audit Committee Meetings with Dit. Finance & SP and PT PGE: 1. 2016 Performance 2. Plan & Strategy for 2017 3. Progress of the 2016 Financial Statement Audit
49	25 th April 2017	Audit Committee Meetings with Internal Audit: 1. Activity Monitoring up to 1 st Quarter 2. Key and Strategic Findings 1 st Quarter 3. Follow Up Audit Findings, Audit Result of BPK and ICM 4. Strategy of Target Achievement of 2017 RKAP 5. Audit Preparation for the 2016 Financial Statements
50	25 th April 2017	Audit Committee Meeting with KAPEY: 1. Completion of Audit Activity Report for 2016 2. ICM from the 2016 Audit 3. Audit Plan of the 2016 Financial Statements of
51	25 th April 2017	Audit Committee Meetings with Dit. Finance & SP and PT Pertamina Bina Medika: 1. 2016 Performance 2. Plan & Strategy for 2017 3. Progress of the 2016 Financial Statement Audit
52	26 th April 2017	Internal Meetings of the Audit Committee: Audit Preparation for 2017 Financial Statements and Audit Committee Activity Agenda 2017
53	2 nd May 2017	Audit Committee Meetings with Financing & Business Support Functions: 1. Monitoring the Performance of Subsidiary 1 st Quarter/2017 2. Corporate Action Plan of the Subsidiaries for 2017 3. Management Structure of the Subsidiaries - Composition of Directors, Commissioners, Committees and Term of Office
54	3 rd May 2017	Audit Committee Meeting with PT Pertamina Lubricant: Lube Factory
55	9 th May 2017	Internal Meeting of Audit Committee: M & P Investment

No	Date	Topic of Discussion
56	17 th May 2017	Audit Committee Meetings with Controller Functions: 1. Development of Pertamina's ICoFR Implementation 2. Monitoring and Improvement of Internal Control 3. Monitoring of Accounting Policies and Estimating Accounting Decision 4. Pertamina's Anticipation regarding New Standard Development
57	22 nd May 2017	Audit Committee Meeting with KAP EY: Independence of KAP related to Marketing Vision to be performed by KAP
58	12 th June 2017	Audit Committee Meeting with Fs. WBS - Legal Counsel & Compliance: 1. Performance Monitoring up to 2 nd Quarter 2. TL Strategic Findings
59	14 th June 2017	Audit Committee Meeting with S & D Function: 1. BOC Visit to TBBM Boyolali 2. Monitoring the New Gantry System (NGS)
60	11 th July 2017	Internal Audit Committee Meetings: 1. Approval of Asset Abolition 2. Plan of Pertamina Group Audit Committee Meeting
61	11 th July 2017	Audit Committee Meetings with Internal Audit: 1. Internal Audit Performance Monitoring until 2 nd Quarter 2. Strategic Findings until 2 nd Quarter 3. TL Findings 4. Achievement of Financial Statement Audit
62	11 th July 2017	Meeting with the Function of Asset Management: 1. Wiperti Assets 2. Monitoring of TL Process on Asset Deletion 3. TL Monitoring of Approval of Strategic Assets Abolition 2014-2016 4. Monitoring of TL cooperation assets: Tj. Batu, Tj. Duren, Tanggamus, etc. 5. Monitoring of troubled land settlement
63	12 th June 2017	Audit Committee Meetings with Shipping Functions: 1. Internal Audit Performance Monitoring up to 2 nd Quarter 2. Strategic Findings up to 2 nd Quarter 3. TL Findings 4. Achievement of Financial Statement Audit
64	12 th June 2017	Audit Committee Meetings with CSR & SMEPP Management Unit: 1. Performance Monitoring up to 2 nd Quarter 2. Strategic Activities up to 2 nd Quarter 3. Strategic Activities Plan August up to December 2017
65	13 th July 2017	Meeting with Internal Audit Function: Preparation of KAP Procurement
66	13 th July 2017	Audit Committee Meetings with Dit. Finance: 1. Monitoring of RKAP Realization & Contract Management Achievement up to 2 nd Quarter 2. Financial Statements up to 2 nd Quarter 3. Monitoring Cash Flow, Hedging, Accounts Receivable & Debt
67	19 th July 2017	Internal Audit Committee Meetings: 1. IIC Training Report 2. Monitoring the Performance of the Audit Committee 3. Plan of Pertamina Group Audit Committee Meeting
68	19 th July 2017	Audit Committee Meetings with FS SJVM & PDSI: 1. Performance of PDSI up to 2 nd Quarter/2017 2. PDSI Investment Performance 3. Strategic Activities Plan to achieve the 2017 target 4. Long Term PDSI Development Plan 5. Activities Report of IA PDSI 2016 & 2 nd Quarter/2017 6. Accounting policy on PDSI transactions & strategic assets
69	26 th July 2017	Meeting with PT PIEP Management: PIEP Strategic Governance Proposal
70	1 st August 2017	Audit Committee Meeting with FS SJVM - Dit. Finance & Corporate Strategy: 1. Performance of AP up to 2 nd Quarter/2017 2. Strategic Investment Performance of AP up to 2 nd Quarter/2017 3. Corporate Action & Strategic Plan for 2017 4. SJV Plan in AP Management
71	8 th August 2017	Audit Committee Meetings with FS SJVM & PT PAS: 1. Performance Monitoring of PT PAS from 2016 through to 1 st Quarter of 2017 2. PT PAS's Plan and Strategy in Achieving the 2017 Target 3. Strategy Initiatives for Corporate Development
72	8 th August 2017	Meeting with KAP EY: Explanation of the Non-Audit service pre-approval request letter related to potential engagement of management and mobility at PT PIEP
73	9 th August 2017	Audit Committee Meetings with CSS Functions: 1. Overview of systems used by Pertamina that support Accounting 2. Control over existing system 3. GRC Project
74	14 th August 2017	Audit Committee Meetings with Dit. Asset Management: Utilization of Pertamina's Assets in Tanjung Batu

No	Date	Topic of Discussion
75	30 th August 2017	Audit Committee Meetings with Dit. Finance and EY: 1. Audit Plan General Audit of the 2017 Financial Report 2. Matters to be considered in the Audit of the Financial Report 3. Audit Committee Directive to the Auditor 4. Audit Committee's View of the Company's Performance and Prospects for 2017
76	5 th September 2017	Audit Committee Meetings with Internal Audit: 1. 2018 Audit Plan 2. Audit Result up to 3 rd Quarter 3. Follow Up Audit Result up to 3 rd Quarter 4. Audit and Follow-up Result of Audit Investigation up to 3 rd Quarter
77	11 th September 2017	Audit Committee Meetings with CSR and SMEPP Functions: 1. 2018 Audit Plan 2. Audit Result up to 3 rd Quarter 3. Follow Up Audit Result up to 3 rd Quarter 4. Audit and Follow-up Result of Audit Investigation until 3 rd Quarter
78	26 th September 2017	Audit Committee Meetings with Procurement Excellence Group Functions: 1. PEG Performance Monitoring up to 3 rd Quarter/2017 2. Overview of Pertamina Procurement Policy 3. Improvement of procurement policies that have been performed during 2017 and the 2018 Work Plan 4. Control of the Procurement Process to Prevent Fraud and Inefficiency
79	30 th October 2017	Audit Committee Meetings with Subsidiary Functions & Joint Venture Management (SJVM): 1. Performance Monitoring of AP up to 3 rd Quarter/2017 2. Prognosis for 2017 3. SJVM Work Plan of 2018 4. Follow up regarding the Sharing Session Meeting

Education and Training Program

No	Date	Name of Members	Activity
1.	19 th January 2017	Dwi Martani, Agus Yulianto, Bonar Lumban Tobing	Seminar regarding Gross Split Method in K3S Contract based concerning Ministerial Regulation No.08/2017 at Pertamina Headquarters Jakarta
2.	23 rd February 2017	Dwi Martani, Agus Yulianto, Bonar Lumban Tobing	Discussion regarding the Role of the Audit Committee in the Preparation of the Financial Statements conducted by the Association of Indonesian Audit Committees (IKA) in Jakarta
3.	3 rd May 2017	Dwi Martani, Agus Yulianto, Bonar Lumban Tobing	Seminar regarding the Legal Aspects and Mechanisms of the Establishment of a Holding Company at Pertamina Headquarters in Jakarta
4.	22 nd – 29 th July 2017	Agus Yulianto, Bonar Lumban Tobing	The IIA's International Conference in Sydney & Melbourne on-site Learning in Sydney and Melbourne
5.	27 th – 29 th August 2017	Dwi Martani	International Accounting Conference with the theme of "The Growth Game Changer: How Accounting Works in the Digital Era" in Yogyakarta.
6.	11 th – 15 th September 2017	Dwi Martani	Asean Global Leadership Program (theme: Globalization, Innovation, Entrepreneurship and Leadership) at University of Cambridge, England
7.	30 th November 2017	Dwi Martani, Agus Yulianto, Bonar Lumban Tobing	Legal Preventive Program Seminar in Jakarta
8.	12 th – 13 th December 2017	Agus Yulianto, Bonar Lumban Tobing	Pertamina Energy Forum Seminar in Jakarta
9.	14 th – 15 th December 2017	Dwi Martani	International Seminar of the Indonesian Institute of Accountants - Commemoration of the 60th Anniversary of IAI with the theme: "Toward 2030: the Transforming Role of Professional Accounts in the New Economic Order" in Semarang

Implementation of Duties 2017

Throughout 2017, the Audit Committee conducted activities in accordance with the duties of the Audit Committee Charter as follows:

- a. Evaluation of the Effectiveness of Internal Audit Unit Function (SPI)
 - 1) Monitoring the activities of the Internal Audit 4th Quarter/2016 and 1st Quarter, 2nd Quarter, 3rd Quarter/2017 by focusing on both strategic findings, and follow-up findings of the Internal Audit and BPK Audit and follow-up completion of the Internal Control Memorandum (ICM) issued by the Public Accounting Firm.
 - 2) Monitor the preparation of the 2017 Internal Audit Work Plan.
 - 3) Perform an assessment regarding the maturity level of Internal Audit
- b. Evaluation of Corporate Audit Implementation by the External Auditor.
 - 1) Provide recommendations to the General Meeting of Shareholders that the Public Accountant Firm that will audit the 2017 Financial Statements. The results have been submitted by the Board of Commissioners to the General Meeting of Shareholders through letter No.M-020/K/DK/2017 dated 1st March 2017.

- 2) Monitor the audit of the 2016 Financial Statements and review the interim Financial Statements of September 2017.
 - 3) Conduct an auditor independence assessment through providing non-audit services to the Pertamina Group.
 - c. Review of the management control systems and their implementation.
 - 1) Monitoring of internal controls through the monitoring of findings and follow-up of audit results conducted by the Internal Audit and ICM External Auditor.
 - 2) Reviewing the effectiveness of the internal control systems through the internal control of Internal Containment Over Financial Reporting (ICOFR), the ERP system managed through the Corporate Share Services (CSS), control over oil and gas procurement implemented by the ISC (Internal Supply Chain) and procurement control implemented by the Procurement Excellence Group (PEG).
 - d. Review of Financial Statements
 - 1) Review of Financial Statements, Performance Evaluation Reports, Contract Management, PKBL Financial Statements and the 2016 Budget Realization Report
 - 2) Review of the preparation of the 2016 Annual Report and Sustainability Report.
 - 3) Review of Interim Financial Report and Quarterly Realization Report of 2016 and 1st Quarter, 2nd Quarter, 3rd Quarter/2017.
 - e. Identify matters that require the attention of the Board of Commissioners
 - 1) Monitoring of strategic investments.
 - 2) Monitoring of the follow-up and findings of the Whistle Blowing System (WBS) in the 4th Quarter of 2016 and 1st Quarter, 2nd Quarter, 3rd Quarter of 2017.
 - 3) Monitoring of the legal cases faced by companies as well as corporate compliance with the provisions of legislation (PSA 62)
 - f. Perform other tasks assigned by the Board of Commissioners:
 - 1) Monitoring of the 2018 RKAP, Revised the 2017 RKAP.
 - 2) Monitoring of the monthly RKAP realization strategy, quarterly in 2017 and the 2016 RKAP Realization
 - 3) Preparing the BoC's approval for Pertamina's participation in the tax amnesty program, buy back bonds, extension of Petrol disbursement and the new budget proposal
 - 4) Monitoring and providing direction for the performance of all subsidiaries of Quarterly in 2017, 2016 Performance and the performance of Subsidiaries including EP, PHE, PGE, PIEP, PDSI, PEPC, PEPC ADK, PAS, Retail, Patra Niaga, Lubricant, Pertamina and PAS.
 - 5) Preparing the BoC's approval for 18 (eighteen) appeals for the abolition and disposal of assets including 5 (five) letters of application for asset utilization.
 - 6) Recommending the BoC's advice related to the New Gentry Systems, tax management post tax amnesty.
 - 7) Monitoring the performance of Partnership and Community Development Program and CSR for 2016 and 1st Quarter through 3rd Quarter as well as a review of Pertamina's Development Partners in the CSR and PKBL programs in Boyolali and Yogyakarta.
 - 8) Conducting activities at the Sharing Session of the Pertamina Audit Committee Group from the 13th-14th October 2017
- In performing the above duties the Audit Committee undertook the following series of activities:
- a. Preparing the concept of the letter/memorandum for the Board of Commissioners concerning the task of supervision, providing advice and providing written responses or approval of 92 (ninety two) letters.
 - b. Attending meetings as following: GMS of 1 (one) time for approval of the 2016 Financial Statements, internal meetings of the Audit Committee 9 (nine) times, the Board of Commissioners' Meetings involving the invitation of the Board of Directors and KAP 10 (ten) times, Audit Committee Meeting inviting Management 50 (fifty) times, Audit Committee meetings 35 (thirty five) times, meetings of the Board's Committees 10 (ten) times, attending 9 (nine) invitations from management, and meetings with management within the framework of official visits 9 (nine) times). In total there were 133 (one hundred and thirty three) meetings.
 - c. Attending national seminars or training activities 6 (six) times and 4 (four) international seminars or training.
 - d. Field visits of the Audit Committee to review operations, assets to be erased/co-operated, investments or PKBL's activities.
 - e. Coordinating and holding meetings with the Board of Commissioners Committees, including discussions regarding the response/approvals of the BoC concerning the Board of Directors' proposals related to investment.
 - Conducting visits to operating units, including: 23rd-24th March 2017, in Medan & NAD, 24th-29th August 2017, in Kupang and Timor Leste, 7th-10th December 2017, in RU IV Cilacap and Boyolali.
 - Reviewing the CSR & SMEPP activities, including: 5th-6th January 2017, in Bali, 24th-25th February 2017, in Yogyakarta, and 28th-29th August 2017, in Madura.

NOMINATION AND REMUNERATION COMMITTEE

Member Profile

Suhasil Nazara - Chariman and Concurrently a Member

Profile can be viewed in the Board of Commissioner Profile Section.

Tanri Abeng - Vice Chairman and Concurrently a Member

Profile can be viewed in the Board of Commissioner Profile Section.

Edwin Hidayat Abdullah - Vice Chairman Concurrently a Member

Profile can be viewed in the Board of Commissioner Profile Section.

Aribowo Prijosaksono - Member

Is an Indonesian citizen, he is 55 years old and is currently domiciled in Jakarta. He was appointed based on the Decision Letter of the Board of Commissioners No.023/KPTS/K/DK/2015.

A graduate from the Faculty of Mathematics and Natural Sciences majoring in Statistics, Bogor Agricultural University. He attended the Graduate Program of the Department of Agricultural Economics (without a thesis) in 1990 and the Graduate Program of UPN Veteran Jogjakarta University Management Economics Department (without a thesis) in 2012. In addition, he has attended Strategic Management training in Vermont, USA, International Negotiations in Geneva, Switzerland, and Economic Development, World Bank.

His career started by becoming an entrepreneur until he become a Commissioner (2000). He worked in the food and beverage industry (2006-2010), as a senior consultant in Polmark Indonesia, political marketing consultant (2010-2012), he became special staff for the Head of BNPB (National Disaster Management Agency) CEO of MARS Marketing Research (2012-2015, Director of Business Development of Tanri Abeng University) he has been the Secretary General of GATARA (Garuda Tani Nusantara), Secretary General of MEI - Chamber of Commerce (Entrepreneur Indonesia), and one of the Chairman of HKTI (2012-2015).

Apep Fajar Kurniawan - Member

Is an Indonesian citizen. Aged 34 years and is currently domiciled in Tangerang. He was appointed based on the Decision Letter of the Board of Commissioners No.023/KPTS/K/DK/2015.

He holds a degree of Sarjana Teologi Tafsir Hadis from the Ushuluddin Faculty and Philosophy of State Islamic University (2006), Undergraduate Program (Master of Science in Intelligence Strategy) University of Indonesia (2009), Doctoral Program of Political Science University of Indonesia (2013-present) and Doctor of Management at The Government University in Satyagama (2014).

He became a member of the National Steering Committee (JPPR) (2002-2004), Director of the Center for Religious Studies and Civilization (2006-2009), Marketing Communication Manager PT RM Book (2010-2012), Director

Operational of PT Lintas Strategi Indonesia (2012-2013), Commissioner of PT Trisula Energi (2013-2014), Co-Founder/Vice Rector Team of Tanri Abeng University (2010-2012), Lecturer at Satyagama University (2014-present), Director of the Indonesian Student and Youth Forum (2011-2015), Director of Corporate Affairs at The Leader Magazine (2014-2017), Commissioner of PT Melia Lintas Komunika (2014-present) and President Director of PT Melia Samudera Khatulistiwa (2014-2017).

Information on Concurrent Position

Information on concurrent positions of members of the Nomination and Remuneration Committee from members of the Board of Commissioners can be viewed in the Board of Commissioner's Concurrent Position Information. All Nomination and Remuneration Committee Members who do not serve as Commissioners do not hold external dual positions outside Pertamina containing any possible conflicts of interest.

Independence

All members of the Nomination and Remuneration Committee commit to uphold practices of Good Corporate Governance by being professional, objective, and independent. The Nomination and Remuneration Committee will not make decisions under pressure nor have intervention from any other party and are committed to avoiding any conflicts of interest. Therefore, all members of the Nomination and Remuneration Committee do not have any relationship affiliations, either through family relation or business relation, with other members of Board of Commissioners and members of Board of Directors.

Duties and Responsibilities

The duties and responsibilities of the Nomination and Remuneration Committee are as follows:

- To carry out evaluation regarding the planning activities of the Company's Nomination and Remuneration Committee and other activities in accordance with the Minutes of Agreement of the Board of Commissioners regarding Job Distribution between Committees under the Board of Commissioners.
- To monitor the implementation of activities regarding the Company's Nomination and Remuneration Committee and other activities in accordance with the Minutes of Agreement of Board of Commissioners regarding Job Distribution between the Committees within the Board of Commissioners.

- To study the effectiveness regarding the Nomination and Remuneration policies.
- To provide reference materials and information for the Board of Commissioners related to the Company's Nomination and Remuneration activities.
- To provide input and recommendations concerning the Board of Directors reports regarding activities of the Nomination and Remuneration committee.
- To make a review and strategic suggestions as well as to monitor the implementation of GCG in the Company, including with regards to the periodic implementation of GCG assessment by an independent assessor, whistleblowing implementation and any matters related to the Company's compliance with the provisions of applicable laws and regulations.
- To make an Annual Work Plan for the Nomination and Remuneration Committee.
- To perform other tasks assigned by the Board of Commissioners related to activities involving Nomination and Remuneration as well as other specific tasks.

In addition, the Nomination and Remuneration Committee also performs other assignments and is also to assist other Committees.

Nomination and Remuneration Committee Period

Name	Position	Decree	Term of Office
Suahasil Nazara	Chairman Concurrently Member	005/KPTS/K/DK/2015	26 th May 2015 - 1 st August 2016
		007/KPTS/K/DK/2016	1 st August 2016 - 18 th November 2016
		010/KPTS/K/DK/2016	18 th November 2016 - 4 th October 2017
		008/KPTS/K/DK/2017	4 th October 2017 - present
Tanri Abeng	Vice Chairman Concurrently Member	005/KPTS/K/DK/2015	26 th May 2015 - 1 st August 2016
		007/KPTS/K/DK/2016	1 st August 2016 - 18 th November 2016
		010/KPTS/K/DK/2016	18 th November 2016 - 4 th October 2017
		008/KPTS/K/DK/2017	4 th October 2017 - present
Edwin Hidayat Abdullah	Vice Chairman Concurrently Member	005/KPTS/K/DK/2015	26 th May 2015 - 1 st August 2016
		007/KPTS/K/DK/2016	1 st August 2016 - 18 th November 2016
		010/KPTS/K/DK/2016	18 th November 2016 - 4 th October 2017
		008/KPTS/K/DK/2017	4 th October 2017 - present
Aribowo Prijosaksono	Member	015/KPTS/K/DK/2015	1 st September 2015 - 31 st December 2015
		023/KPTS/K/DK/2015	1 st January 2016 - 31 st December 2018
Apep Fajar Kurniawan	Member	023/KPTS/K/DK/2015	1 st January 2016 - 31 st December 2018

Code of Conduct

The Nomination and Remuneration Committee has a Committee Charter that explains organization, membership, code of ethics, function, jobs, authority, responsibility, and work mechanism of the Committee.

Attendance Level of the Nomination and Remuneration Committee in Meetings

Name	Position	Term of Office	Attendance				
			Internal Meeting	Meetings Inviting Directorate	Attending BOC Meetings	Attending Other Committee's Meetings	Attending External Invitation
Suahasil Nazara	Chairman Concurrently Member	1 st January- 31 st December	7	2	*) Can be viewed on the attendance table of the Board of Commissioners	0	0
Tanri Abeng	Vice Chairman Concurrently Member	1 st January – 31 st December	7	2		0	0
Edwin Hidayat Abdullah	Vice Chairman Concurrently Member	1 st January – 31 st December	3	0		0	0
Aribowo Prijosaksono	Member	1 st January – 31 st December	5	13	4	1	2
Apep Fajar Kurniawan	Member	1 st January – 31 st December	4	11	3	2	0

Meeting Agenda

No	Date	Topic of Discussion
1	16 th January 2017	Plan of Filling the Vacant Strategic Position for the Environment in PT Pertamina (Persero) (Ref memo Und.003/K/DK/2017 Dated 11 th January 2017.
2	13 th February 2017	Progress Dashboard of the Board of Commissioners
3	13 th February 2017	1. Position of the Board of Directors and Commissioners of AP with the status of Temporary Position (PJ) 2. Candidates of the Board of Directors and Commissioners of AP who have not received the approval of the Minister of SOEs at the AGMS of PT Pertamina (Persero)
4	14 th February 2017	1. 2016 GCG Scoring Results 2. Review regarding Pertamina's Articles of Association and related regulations
5	23 rd February 2017	Proposed Salary/Honorarium for 2017 and Tantiem for 2016 for the Board of Directors and the Board of Commissioners of PT Pertamina (Persero)

No	Date	Topic of Discussion
6	28 th February 2017	1. The Board of Directors's Suggestion for Corporate Secretary 2. Other Agenda related to Organizational Structure and functions that are directly under the supervision of the President Director
7	15 th March 2017	Proposed Revisions of the Articles of Association
8	29 th March 2017	1. Corporate Organization, especially the Vacant position for Directorate of Mega projects 2. Stipulation of the Board of Directors regarding a subsidiary of PT Pertamina (Persero), in accordance with the letter of the Ministry of SOEs. SR-78/D7.MBU/03/2017 and No.SR-79/D7.MBU/03/2017 dated 27 th March 2017, 3. Status of Employees of PWTT and PWT Secretary of the Board of Commissioners
9	4 th April 2017	1. Stipulation of the Board of Directors regarding a subsidiary of PT Pertamina (Persero) (letter of Deputy for Business Infrastructure No.SR-78/D7.MBU/03/2017 dated 27 th March 2017) 2. Advanced discussion of PT Pertamina Organization (Persero)
10	16 th May 2017	1. Organizational Structure and Human Resources within the Board of Commissioners 2. Distribution of 2016 Employee Bonus and Incentives 3. Secretary of the Board of Commissioners employee status (Permanent or Non Permanent) 4. Employees Remuneration Systeem within the Board of Commissioners
11	18 th May 2017	Readiness of Human Resource Planning in order to anticipate HR requirements for the period of 2017-2020
12	7 th June 2017	1. Organizational Structure of PT Pertamina (Persero) 2. Succession Planning for Strategic Positions
13	24 th July 2017	1. Policy of Strategic Position Succession of PT Pertamina (Persero) 2. Management of employees within the Environment of The Board of Commissioners of PT Pertamina (Persero)
14	25 th July 2017	Problems and Legal Settlement of PT Pertamina's Assets (Persero)
15	31 st July 2017	Update regarding the Board Manual, COC and COCG
16	13 th September 2017	1. Monitoring of the Settlement of Company Asset Problems through to 1 st Quarter/2017 2. Plan and Strategy of Asset Management Functions in 2017
17	23 rd October 2017	Socialization and Consignment of PT Pertamina (Persero) with the Ministry of SOEs
18	26 th October 2017	Problems of Employees in the Secretariat of the Board of Commissioners of PT Pertamina (Persero)
19	15 th November 2017	Evaluation and Monitoring of the Appointment of candidates for the Board of Directors of PT Pertamina (Persero)
20	15 th November 2017	Monitoring and Evaluation of the HSSE and OBVIT Security policies

Education and Training Program

No	Date	Name	Event
1.	7 th – 8 th April 2017	Aribowo Prijosaksono, Apep Fajar Kurniawan	Socialization of Understanding Pertamina's Articles of Association
2.	16 th – 19 th September 2017	Apep Fajar Kurniawan	Certified Professional Human Resource (CPHR) in Jakarta
3.	25 th – 26 th October 2017	Apep Fajar Kurniawan	Certified Behavioral Analyst (CBA) Program in Jakarta
4.	13 th December 2017	Aribowo Prijosaksono, Apep Fajar Kurniawan	Pertamina Energy Forum Seminar in Jakarta

Implementation of Duties 2017

Throughout 2017, the Nomination and Remuneration Committee conducted the following activities:

- a. The N&R Committee assisted the Board of Commissioners in reviewing and preparing a concept memorandum for the head and to the Board of Commissioners regarding the direction and/or approval related to the areas assigned to the N&R Committee, which are the following:
 - 1) 69 (sixty nine) letters for approval for the appointment of candidates for the Board of Directors and Commissioners of PT Pertamina (Persero) Subsidiaries.
 - 2) 17 (seventeen) letters concerning requests of direction or request for explanation regarding the stipulation of the Director and Commissioner of the Subsidiary, Board Manual, Code of Conduct and Corporate Governance, Organizational Structure Change of Pertamina.
 - 3) 1 (one) Decision Letter concerning the report on the Proposed Restructuring of the Remuneration Secretary of the Board of Commissioners and Staff of the Secretariat of the Board of Commissioners
 - 4) 1 (one) letter requesting the General Meeting of Shareholders regarding the Proposal of Honorarium for 2017 and the Tantiem for 2016 for the Board of Directors and the Board of Commissioners of PT Pertamina (Persero)
 - 5) Letters of recommendation concerning the Remuneration of the Secretary of the Board of Commissioners and Members of the Committee not from the Board of Commissioners
 - 6) 8 (eight) letters regarding the Concept of the Organization of PT Pertamina (Persero) and the Proposed Organization of Quality Management, Systems, Knowledge & Integrated Loss Management (QSKL & ILM)
- b. The N&R Committee participates in Committee meetings and provides feedback regarding the response letters from the Board of Commissioners.
 - 1) Providing direction concerning the preparation of the 2018 RKAP
 - 2) Monitoring and evaluation of the 2017 RKAP Realization
 - 3) Conducting meetings and coordination of work with partners within the Board of Directors, which are: Legal Function, Counsel & Compliance, Corporate Secretary, CSS Function, Directorate of Human Resources and General Affairs and SPI.

THE RISK MANAGEMENT MONITORING COMMITTEE

Member Profiles

Arcandra Tahar - Chairman

The profile of Arcandra Tahar can be viewed in profiles of the Board of Commissioners.

Sahala Lumban Gaol - Vice Chairman

The profile of Sahala Lumban Gaol can be viewed in profiles of the Board of Commissioners.

Alexander Lay - Vice Chairman and Concurrently a Member

The profile of Alexander Lay can be viewed in profiles of the Board of Commissioners.

Yusuf Didi Setiarto - Member

Is an Indonesian citizen, he is 44 years old and is currently domiciled in Jakarta. He was appointed based on the Decision Letter of the Board of Commissioners No.017/KPTS/K/DK/2016.

He graduated from the Faculty of Law at University of Indonesia in Jakarta (1994-1999).

He was an Associate Lawyer at Indrawan Heisky & Partner (1999), Associate Lawyer in Wiradinata & Widyawan (2000-2003), Legal Division of BPMIGAS/SKKMIGAS (2003-2012), and Head of the Legal and Formalities Division of SKKMIGAS (2013-2015).

Poerwo Tjahjono - Member

Is an Indonesian citizen. He is 61 years old and is currently domiciled in Jakarta. He was appointed based on the Decision Letter of the Board of Commissioners No.023/KPTS/K/DK/2015. He is a graduate from the Faculty of Economics majoring in Accounting from Padjadjaran University - Bandung (1984) and the Graduate Program of Management Sciences Gadjah Mada University (1999).

His career in Pertamina started as an employee in 1986 through the Accounting Undergraduate Program in 1985, Finance Staff of Pertamina Kalimantan Area (1992), Head of Regional Finance Operations EP Sangatta (1995), Manager of ERP Development (2005) and formerly a member of the SAP Implementation Project. In 2006 he was the Head of the Control Division, then as Vice President of Financial Downstream (2007), Vice President of Strategic Planning (2008) and Senior Vice President Controller (2011). Staff for Retirement Preparation (2012) and in June 2012 as Member of the Audit Committee of PT Pertamina Upstream Energy through to mid 2015.

Priyo Utomo - Member

Is an Indonesian citizen, he is 62 years old and is currently domiciled in Jakarta. He was assigned based on the Decision Letter of the Board of Commissioners No.023/KPTS/K/DK/2015. He graduated from the Faculty of Chemistry Science at Universitas Pembangunan Nasional "Veteran" – Yogyakarta (1980).

His career in PT Pertamina (Persero): most recent position being Senior Vice President of Business Development, Refinery Directorate (2000-2011) and President Director of PT Banten Bay Refinery (PT BBR), a Subsidiary of Pertamina (a cooperation between Pertamina/Indonesia – NORDC/ Iran – Petrofield/Malaysia) (2009-2011)

Information on Concurrent Position

Information on concurrent positions of the Risk Management Monitoring Committee members originating from the members of the Board of Commissioners can be seen in the Concurrent Information of Positions of the Board of Commissioners. All Members of the Risk Management Monitoring Committee who do not serve as Commissioners do not hold external dual positions outside Pertamina containing any possible conflicts of interest.

Independence

All members of the Risk Management Monitoring Committee are committed to upholding the practices of Good Corporate Governance by being professional, objective, and independent. The Risk Management Monitoring Committee will not make decisions under pressure nor have interventions from any party and are committed to avoiding any possible conflicts of interest. Therefore, all members of the Risk Management Monitoring Committee do not have any relationship affiliations, either through family relation or business relation, with other members of the Board of Commissioners and members of the Board of Directors.

Duties and Responsibilities

The duties of the Risk Management Monitoring Committee are as follows:

- a. Evaluating the planning of upstream-downstream activities (RJPP/CBP).
- b. Monitoring the implementation of upstream-downstream activities of the Company under the Work Plan or Budget (RJPP/CBP) and the analysis of results regarding the upstream downstream activities of the Company.
- c. Evaluating the planning of upstream-downstream investment activities and that the risk levels are measurable and aligned with strategy and economy.
- d. Evaluating the implementation of investment activities in the upstream-downstream activities and an analysis of investment results.
- e. Reviewing the effectiveness regarding the implementation of investment policy for the upstream-downstream activities and the management of the Company from a Risk Management perspective.
- f. Providing reference materials and information for the Board of Commissioners related to upstream-downstream activities of the Company.
- h. Making an Annual Work Plan for the Risk Management Monitoring Committee.
- i. Performing other duties assigned by the Board of Commissioners related to the upstream-downstream activities of the Company.
- j. Reporting the results of Work Plan of the Committee to the Board of Commissioners.

Other tasks and responsibilities of the Risk Management Monitoring Committee are performing any other assignments issued from the Board of Commissioners as well as assist other committees.

Code of Conduct

In performing its duties and responsibilities, the Risk Management Monitoring Committee has a Charter of Committees governing the organization, membership, code of ethics, functions, duties, authorities, responsibilities, and working mechanisms.

Implementation of Duties in 2017

Throughout 2017, the Risk Management Monitoring Committee performed the following tasks and responsibilities:

- a. Implemented the monitoring and evaluation program regarding investment project performance in meetings with management, including:
 - 1) 16th January 2017, discussing the Drupadi Project & Ranau Project.
 - 2) 8th February 2017, discussing the Kerinci Project.
 - 3) 13th February 2017, discussing the Dit.MP3 Strategic Project, Petrochemical Project, RDMP/GRR Project Alignment and Investment Guidance concerning Project Acceleration.
 - 4) 8th March 2017, discussing the ONWJ and Orca-2 projects.
 - 5) 11th July 2017, discussing the Terminated Work Area (WK).
 - 6) 19th July 2017, discussing Additional Equity Participation with PT Patra Jasa.
 - 7) 18th & 19th September 2017, discussing the progress of the Orca-2 project.
 - 8) 4th October 2017, discussing Project Support for the Directorate of Mega Projects, Processing and Petrochemical.

- 9) 10th & 12th October 2017, discussing the Jatayu Project.
- b. Monitoring and evaluation of investment performance in RKAP, including in the PMR Committee meeting on 26th January 2017, discussing the implementation of the 2016 RKA Investment & Planning for 2017 and on 10th May 2017, discussed Investment Performance 1st Quarter/2017.
 - 1) Monitored and evaluated the performance of HSSE in the PMR Committee meeting on 9th March 2017.
 - 2) Monitored and evaluated the operational activities in the PMR Committee meeting on 31st January & 13th February 2017, discussed development of the roadmap for the petrochemical sector, on 8th March 2017, discussed PHE ONWJ Management after the signing of the KKS Gross Split, on 9th March 2017, discussed the Organizational Implementation Strategy Fs.Research Development Dit. Refinery and Upstream TC, and on 26th May 2017, discussed the performance of Dit. MP3 1st Quarter/2017.
 - 3) Prepared the direction, recommendations and approval of the Board of Commissioners regarding business development and investment projects and also prepared the response from the Board of Commissioners regarding the proposal of the Board of Directors concerning the Investment Project business development, a.l. Project Ranau, Drupadi, Kerinci, Orca-2, ONWJ Management, Crown-2, TPPI, Additional Equity Participation in Patra Services, Additional Equity Participation of Pertamina Power Indonesia and Project Support at the Directorate of Mega Projects and Petrochemical.
 - 4) Made a working visit to the operating units on the following schedule: 17th-19th March 2017, to Balikpapan and PT Badak NGL Bontang, and 7th-10th December 2017, to RU IV Cilacap and Boyolali.

Risk Management Monitoring Committee Period

Name	Position	Sk	Term of Office
Arcandra Tahar	Chairman Concurrently Member	005/KPTS/K/DK/2015	26 th May 2015 - 1 st August 2016
		007/KPTS/K/DK/2016	1 st August 2016 - 18 th November 2016
		010/KPTS/K/DK/2016	18 th November 2016 - 4 th October 2017
		008/KPTS/K/DK/2017	4 th October 2017 - present
Sahala Lumban Gaol	Vice Chairman Concurrently Member	005/KPTS/K/DK/2015	26 th May 2015 - 1 st August 2016
		007/KPTS/K/DK/2016	1 st August 2016 - 18 th November 2016
		010/KPTS/K/DK/2016	18 th November 2016 - 4 th October 2017
		008/KPTS/K/DK/2017	4 th October 2017 - present
Edwin Hidayat Abdullah	Vice Chairman Concurrently Member	005/KPTS/K/DK/2015	26 th May 2015 - 1 st August 2016
		007/KPTS/K/DK/2016	1 st August 2016 - 18 th November 2016
		010/KPTS/K/DK/2016	18 th November 2016 - 4 th October 2017
		008/KPTS/K/DK/2017	4 th October 2017 - present
Alexander Lay		008/KPTS/K/DK/2017	4 th October 2017 - present
Priyo Utomo	Member	023/KPTS/K/DK/2015	1 st January 2016 - 31 st December 2018
Poerwo Tjahjono	Member	023/KPTS/K/DK/2015	1 st January 2016 - 31 st December 2018
Yusuf Didi Setiarto	Member	017/KPTS/K/DK/2016	1 st January 2017 - 31 st December 2018

Attendance Level of the Risk Management Monitoring Committee in Meetings

Name	Position	Term of Office	Attendance				
			Internal Meeting	Meetings Inviting Directorate	Attending BOC Meetings	Attending Other Committee's Meetings	Internal Meeting
Arcandra Tahar	Chairman Concurrently Member	1 st January – 31 st December	6	9	*) Can be viewed on the attendance table of the Board of Commissioners	0	0
Sahala Lumban Gaol	Vice Chairman Concurrently Member	1 st January – 31 st December	3	8		0	0
Alexander Lay	Vice Chairman Concurrently Member	18 th November – 31 st December	2	0		0	0
Edwin Hidayat Abdullah	Vice Chairman Concurrently Member	1 st January – 18 th November	1	1		0	0
Priyo Utomo	Member	1 st January – 31 st December	7	17	5	0	0
Poerwo Tjahjono	Member	1 st January – 31 st December	7	17	6	0	0
Yusuf Didi Setiarto	Member	1 st January – 31 st December	7	14	2	0	0

Meeting Agenda

No	Date	Topic of Discussion
1	16 th January 2017	Discussed the Drupadi Project and the Ranau Project
2	26 th January 2017	<ol style="list-style-type: none"> 1. Performance realization of Work Plan and Investment Budget of PT Pertamina (Persero) for the 2016 fiscal year & investment working program in the 2017 RKAP 2. Performance and risk assessment of the 2016 RKAP for the achievement of the 2016 fiscal year profit, and the 2017 budget risk management setting. 3. Assessment of the asset portfolio for the completion of the work program Investments related to the risk of inaccuracy of the completion of the work program against the target of achieving the Company's revenue 4. Performance realization of the Work Plan and Investment Budget of PT Pertamina (Persero) for the 2016 fiscal year & investment working program in the 2017 RKAP 5. Assessment of the asset portfolio from the completion of the Investment program related to the risk of inaccuracy of the completion of the work program against the target of achieving the Company's revenue.
3	27 th January 2017	Work Plan of KPMR for 2017 and Others
4	1 st February 2017	Roadmap of Petrochemicals
5	8 th February 2017	Kerinci Project (Refs Letter of the President No.R-024/C00000/2017-S0)
6	13 th February 2017	<ol style="list-style-type: none"> 1. Strategic Project Implementation Plan for the Dit. Megaproject Processing and Petrochemicals. 2. Roadmap for Pertamina's Petrochemical Project. 3. The plan for aligning the RDMP/GRR project program with existing refineries operations, including the natural gas demands of Dit. Gas and Marketing & Distribution infrastructure. 4. Cooperated project plan (JV) i.e.: RDMP, Cilacap, GRR Tuban and Calciner Dumai. 5. Understanding the 1st Revised Investment Guide, related to the implementation of projects that require acceleration, i.e.: project Refinery Development Master Plan (RDMP) Balikpapan.
7	8 th March 2017	<ol style="list-style-type: none"> 1. Strategy and Efforts of Directors in the Management of PHE ONWJ after the signing of KKS Gross Split Block ONWJ. 2. Strategy and Efforts of Directors in M & P Management after M & P acquisition (Project Orca-2).
8	9 th March 2017	Monitoring and evaluation of the performance achievement of the Corporate HSE & Security activities and all Business Unit Operations of 2016, covering realization, constraints and problems and implementation strategy of the 2017 RKAP

No	Date	Topic of Discussion
9	9 th March 2017	1. Organizational implementation strategy of the Research & Technology Center function of Pertamina and the concept of integrated innovation. 2. Achieving performance targets for Research & Development (R&D) Processing, Marketing and the Upstream Technology Center (UTC) and 2016 activities, including realization, constraints and problems. 3. 2017 RKAP implementation strategy.
10	4 th May 2017	Proposed Establishment of AP in the Directorate of Megaprojects, Processing and Petrochemical
11	10 th May 2017	1. Performance of PTM Tham's Work Plan and Investment Budget of 1 st Quarter/2017 & the strategy and efforts in order to achieve the 2017 RKAP target. 2. 2017 RKAP performance and risk assessment regarding efforts to achieve the 2017 budget targeted income and risk management setting in 2017. 3. Performance of priority and strategic project implementation including the top ten projects, delayed projects and pending completion as well as policies and solutions to its resolution and impact on the Company's revenue targets.
12	26 th May 2017	Monitoring and evaluation of the achievement of performance targets in the Directorate of Megaprojects, Processing & Petrochemical Projects 1 st Quarter/2017 budget against the 2017 RKAP and strategies and efforts in order to achieve the 2017 RKAP targets.
13	16 th June 2017	Monitoring and evaluation of policy strategies for the achievement of operational and investment performance targets. Gas includes 1 st Quarter of 2017 budget to the 2017 RKAP as well as strategy and effort in the achievement of the 2017 target
14	25 th July 2017	Realization of 1 st Quarter performance in 2017 Dit. Processing
15	28 th July 2017	Monitoring and evaluation of the achievement strategy regarding the operational performance targets dit. Marketing 1 st Quarter of the 2017 fiscal year against the 2017 RKAP
16	3 rd August 2017	1. Review the activities of KOMR 1 st Quarter/2017. 2. Plan of working visit 2 nd Quarter/2017.
17	18 th August 2017	Monitoring and evaluation of policy achievement regarding the operational and investment performance targets dit. Upstream 2 nd Quarter for the 2017 fiscal year
18	23 rd August 2017	Monitoring and evaluation of the operational and financial performance achievement regarding the implementation of planning activities and the realization of downstream optimization jan through to July 2017 including a prognosis at the end of the 2017 fiscal year
19	31 st August 2017	Monitoring and evaluation of performance targets of corporate HSE & security activities and all business/operations activities related to the 2017 RKAP, covering strategy and policy implementation and the realization of problems and solutions of constraints in 1 st Quarter of the 2017 fiscal year
20	22 nd September 2017	Update regarding the progress of KPMR activities, follow-up the completion of the jatayu project, the orca-2 post mortem M & A project, and the one price for oil and gas
21	13 th September 2017	Discussion regarding the follow-up of the approval of the Board of Commissioners for capital participation at PT PPI for the IPP Java-1 Project (1760MW)
22	18 th September 2017	1. Monitoring & evaluation of all Orca-2 project implementations 2. Explanation of the loan to equity conversion and/or additional capital participation for PIEP, explanation of the M & P development plan and improvement in relation with Pertamina's return on investment.
23	19 th September 2017	1. Monitoring & evaluation of all the Orca-2 project implementations 2. Explanation of the loan to equity conversion and/or additional capital participation for PIEP, explanation of the M & P development plan and improvement in relation with Pertamina's return on investment.
24	11 th October 2017	Monitoring the administrative completion process across the Pertamina projects
25	8 th November 2017	Monitoring the performance of operations in processing related to the budget policy of 2016 to 2017

Education and Training Program

No	Date of Event	Name	Event
1	12 th December 2017	Yusuf Didi Setiarto	Seminar Pertamina Energy Forum at Jakarta
2	20 th – 21 st December 2017	Poerwo Tjahjono, Priyo Utomo, Yusuf Didi Setiarto	Program Update Knowledge Mekanisme Publikasi Harga MOPS dan Pola Trading di Pasar Oil and Gas Singapore di Singapura

Implementation of Duties 2017

Throughout 2017, the Risk Management Monitoring Committee performed the following tasks and responsibilities:

- Monitoring and Evaluation Program:
 - a. Monitoring and evaluating the performance of investment projects, including in the PMR Committee meetings:
 - 1) 16th January 2017, discussing the Drupadi Project & Ranau Project.
 - 2) 8th February 2017, discussing the Kerinci Project.
 - 3) 13th February 2017, discussing the Dit.MP3 Strategic Project, Petrochemical Project, RDMP/GRR Project Alignment and Investment Guidance regarding Project Acceleration.
 - 4) 8th March 2017, discussing the ONWJ and Orca-2 projects.
 - 5) 11th July 2017, discussing the Terminated Work Area (WK).
 - 6) 19th July 2017, discussing Additional Equity Participation with PT Patra Jasa.
 - 7) 18th & 19th September 2017, discussing the progress of the Orca-2 Project.
 - 8) 4th October 2017, discussing Project Support for the Directorate of Megaprojects, Processing and Petrochemical.
 - 9) 10th & 12th October 2017, discussing the Jatayu Project.

- Monitoring and evaluation of the investment performance in RKAP, including in the PMR Committee meeting on 26th January 2017, discussing the implementation of 2016 RKA Investment & Planning for 2017, on 10th May 2017, discussing the Investment Performance for 1st Quarter/2017
 - Monitoring and evaluating the performance of HSSE in the PMR Committee meeting on 9th March 2017.
 - Monitoring and evaluating the operational activities in the PMR Committee meeting on 31st January & 13th February 2017, discussing development of the roadmap for the petrochemical sector, on 8th March 2017, discussing PHE ONWJ Management after the signing of the KKS Gross Split, on 9th March 2017, discussing the Organizational Implementation Strategy Fs. Research Development Dit. Refinery and Upstream TC, and on 26th May 2017, discussing the performance of Dit. MP3 in 1st Quarter/2017.
- Preparation of the directives, recommendations and approval of the Board of Commissioners:
 - a. Reviewing and analyzing Business Investment Development Projects and preparing BoC responses regarding the Board of Directors' proposals regarding Business Investment Development Projects, i.e.:
 - 1) No.R-015 regarding the Ranau Project.
 - 2) No.R-023 regarding the Drupadi Project.
 - 3) No.R-026 regarding the Kerinci Project.
 - 4) No.R-033 regarding the Orca-2 Project.
- 5) No.R-036 regarding OWJ Management.
 - 6) No.R-037 regarding the Crown-2 Project.
 - 7) No.R-044 regarding TPPI.
 - 8) No.R-082 regarding Additional Equity Participation with PT Patra Jasa.
 - 9) No.R-091 regarding Equity Participation in PT Pertamina Power Indonesia for the IPP Java-1 Project (1760 MW).
 - 10) No.R-100 regarding Support of the MegaProjects & Petrochemical Projects.
- Working visit to operating units, for the following schedule. 17th-19th March 2017, to Balikpapan and PT Badak NGL Bontang, and 7th-10th December 2017, to RU IV Cilacap and Boyolali.

SECRETARY TO THE BOARD OF COMMISSIONERS



Profile of the Secretary to the BoC

Yuki Indrayadi

Is an Indonesian citizen, aged 45 years, he was born in Bandung and is currently domiciled in Jakarta. He graduated from the Faculty of Industrial Engineering ITB, Bandung (1996), Katholieke Universiteit Leuven, Belgium (M.Eng - 1998) and the Katholieke Universiteit Leuven, Belgium (Ph.D - 2002).

He began his career as parttime lecturer at the Swiss German University - BSD (2005 - present), member of the Independent Committee of PT Semen Indonesia Tbk (2013-2016), Secretary to the Board of Commissioners of PT Telkom Indonesia Tbk (2008-2013), Managing Director of Quant Capital Management - Jakarta (2008), and SVP Research at PT Infinite Global Capital, Jakarta (2007 to 2008) and Field Engineer in Schiumberger Wireline & Testing (1996-1997).

Duties and responsibilities

The duties of the Secretary of the Board of Commissioners are as follows:

- To prepare the BoC meetings, including meeting materials (briefing sheet).
- To record the Minutes of Meetings of the BoC meetings in accordance with the Articles of Association.

- To administer the Board of Commissioners' documents, including incoming letters, outgoing letters, minutes of meetings and other documents.
- To prepare drafts of Work Plan and Budget for the Board of Commissioners.
- To prepare report drafts for the Board of Commissioners.
- To perform other tasks assigned from the Board of Commissioners.
- To ensure that the Board of Commissioners comply with all laws and regulations as well as complies with the principles of GCG.
- To provide information required by the Board of Commissioners periodically and/or at any time as requested.
- To coordinate members of Committees, if necessary, in order to expedite the Board of Commissioners duties.
- As liaison officer for the Board of Commissioners and other parties.
- To ensure that the documents of organizational activities in the Board of Commissioners circle are well maintained in the Company.
- Ensuring that the Board of Commissioners comply with all laws and regulations and establishes GCG principles in coordination with the Committees regarding technical matters and coordinating with the Secretariat of the Board of Commissioners for more administrative matters.
- Providing information required by the Board of Commissioners on a regular basis and/or at any time if requested. This can be done formally with the submission of memoranda or by informal mechanisms, either through direct reporting, or using other electronic means.
- Making coordination among members of the Committees if necessary in order to facilitate the duties of the Board of Commissioners. This is primarily for the discussion/resolution of cross-committee issues, including the discussion of proposed revisions of the Board Manual, Code of Conduct and Code of Corporate Governance.
- Acting as liaison officer for the Board of Commissioners with other parties, including with the Board of Directors, shareholders and its agencies (Ministry of SOEs) and other stakeholders in accordance with the assignment of the Board of Commissioners.
- Ensuring that the documents regarding the activities of the Board of Commissioners are properly stored in the Company by using the BoC Secretariat Information System.

Implementation of Duties in 2017

Throughout 2017, the Secretary of the Board of Commissioners performed the following duties and responsibilities:

- Preparing the briefing sheet for the Board of Commissioners as required for the Board of Commissioners' meeting.
- Recording the Minutes of Meetings of the Board of Commissioners in accordance with the provisions of the Articles of Association after the meeting of the Board of Commissioners. In the making of the minutes, if necessary, the Secretary of the Board of Commissioners shall coordinate with the members of the Committee and the relevant Directorate.
- Saving the documents of the Board of Commissioners, whether incoming mail, outgoing mail, minutes of meetings or other documents in the Board of Commissioners Secretariat Information System, whether in softcopy form or hardcopy. Especially for the minutes of the Board of Commissioners' meeting documents, according to the Articles of Association, the original documents must be submitted to the Board of Directors (cq the Corporate Secretary to be kept, while the Secretariat of the Board of Commissioners shall keep copies of the documents).
- The Secretary of the Board of Commissioners coordinates with the committees and other parties in order to formulate the concept of the routine report of the Board of Commissioners to the Minister of SOEs at the General Meeting of Shareholders, included is the Statement of Actual Achievement of KPI of the Board of Commissioners and the Realization of Achievement of the RKAP targets. In addition, the Secretary of the Board of Commissioners also facilitates the preparation of other reports in accordance with the requirements of the Board of Commissioners.

CORPORATE SECRETARY



Profile of the Corporate Secretary

Syahril Mukhtar - Corporate Secretary

Is an Indonesian citizen. He is 51 years old and is currently domiciled in Jakarta. He was appointed as Corporate Secretary since 8th March 2017, based on SK Kpts.P-028/C00000/2017 – S8. He holds a Bachelor of Industrial Engineering from the Bandung Institute of Technology (1990), Master of Economics from University of Indonesia (2000), and Doctor of Strategic Management from University of Indonesia (2011).

His career in Pertamina began in 1992 and before serving as the Corporate Secretary, he has held various important positions in Pertamina including VP Stakeholder Relations, Corporate Secretary (2016-2017); Technical Expert/Strategic Action (2015-2016); and VP Corporate Internal Audit (2014-2015). In addition, he also served as the Chief Audit Executive of PT Pertamina Drilling Service Indonesia (2013-2014).

Duties and Responsibilities

The Corporate Secretary has the following duties and responsibilities:

- To define and establish a corporate communication strategy both inside and outside, to shape and enhance the image and reputation of Pertamina in the eyes of all stakeholders.
- To steer, monitor, and evaluate relations with the stakeholders of the Company, which consist of shareholders, bondholders/financial investors, government, legislature, judiciary, NGOs, military, police, embassies, international stakeholders; and to ensure equal precedence of the Board Management with relevant stakeholders; to build, maintain, and enhance the credibility and positive reputation of the corporation as well as advancing the interests of Pertamina.
- To decide and determine that Pertamina's CSR & SMEPP strategies are effective and appropriate for the community, especially in the areas surrounding the Company's operations, and to improve the ability of small businesses in order to be strong and independent, thus providing added value to the Company.
- To determine and control activities related to supporting the activities of the Board of Directors and the Board of Commissioners, including handling the administration and secretarial matters of the President Director.

- To manage the availability of Pertamina's data and information for the benefit of external stakeholders.
- To manage the activities of the Corporate Secretary Functions related to compliance within the Company and to ensure that employees of the Corporate Secretary follow the Company's internal regulations and policies.
- To manage the planning, use, and accountability of the budget of the Company's Corporate Secretary and that they comply with the Company's authority.
- To manage the planning, placement and training of the employees within the Corporate Secretary.
- To periodically prepare and submit reports regarding management of the Corporate Secretary to the President Director.

Education and Training Program

Throughout 2017, the Corporate Secretary did not attend any training, seminars, or workshops.

Implementation of Duties 2017

The Corporate Secretary has performed the duties and responsibilities of the office throughout 2017 as follows:

- Achieving a balance of 69% in positive news and 30.5% considered as neutral from the total number of news reports for the year, which was recorded at 39,874 news reports.
- Publication through the BUMN portal achieved 2,671 news reports for the year
- Total Internal Media published throughout 2017: 51 reports in Energia Weekly, 8 reports in Energia Monthly, 7 insertions and 2 booklets.
- Published 2 books regarding Gotong Royong book Securing Lebaran Task Force and Photo Book 60 Years of Pertamina
- Single name social media account @pertamina for Instagram, Twitter, Facebook and Youtube. The growth in number of Followers, Likes and Subscribers @pertamina: Instagram 70,503, Twitter 36,710, Facebook 54,565, Youtube 5611 subscribers.
- Producing 938 videos and 9 info graphics, with various packaging variants including Talkshows, Pertamina Features, HSSE Campaign Infographics (Safety Talks, Healthy Talks), TVC production and post production for external media demands.
- Average Service Level of Contact Pertamina 1 500 000 achieved 93.29%, the Average Response Time is 100%, Average FCR (First Contact Resolution) is 98.15% and the Customer Satisfaction Average is 88%.

- Participating in several exhibitions both at home and abroad including Gastech, Iran Oil Show, Goifex Expo, IBD Expo, Anti-Corruption Day Exhibition, Pertamina Energy Forum, and others.
- Conducting brand research and reputation with an achievement score of 4.31 on the likert scale.
- Conducting Investor Update activities intended to provide the latest developments related to Pertamina. The event was held in conjunction with the implementation of the Pertamina Energy Forum 2017.
- Conducting Investor Site Visit activities to the PGE-managed Geothermal Project location in Ulubelu, Lampung.
- Implementation of the 2017 Indonesian Oil & Gas Partnership Program and Downstream Sector Study Tour Program of PPRA Nigeria in cooperation with the Ministry of Energy and Mineral Resources.
- 1 Annual General Meeting of Shareholders (AGM) and 34 Extraordinary GMS between Shareholders, Board of Commissioners and Board of Directors.
- 3 Corporate Performance Reports with Shareholders throughout 2017.
- Preparation and issuance of the book Holding Migas, Annual Report of the Ministry of SOEs, and Gas and Oil one Price along with the infographic video.
- Implementation of SOE Synergy and BUMN Hadir untuk Negeri, including the upstreaming HoA into DME, Shipments & Heavy Industries Cooperation, SOE Card Issuance, SOEs Present at Campus, and Coordination of SOEs CEO.
- Preparation of materials for shareholders as many as 188 times throughout 2017 regarding the Company's performance, investments, strategic projects, and corporate & AP financial conditions.
- Database updating and creating of the Stakeholder Management System (STAMP).
- The implementation of the Pertamina Energy Forum on 12th-13th December 2017, in Jakarta with the theme of "Striving Towards Sustainable Energy", presenting 25 speakers (national & international level, with a total number of participants of 849 people, and a total PR value of Rp7.47 billion.
- Implementation of business supporting activities with various government agencies as many as 54 times
- Working Visit of DPR RI was 36 times, and participation in RDP with DPR RI 22 times.
- Implementation of community dialogue with YLKI regarding the rights and obligations of gas station customers.
- The signing of an MoU regarding Public Relations Training with POLRI.
- The implementation of Pertamina Goes to Campus 2 times at Universitas Pancasila & UGM as well as students visit 7 times
- Management of oil and gas governance aspirations through the FGD development of sustainable energy roadmap in Indonesia with UGM.
- Establishment of the Relationship to Stakeholder International 56 times, conducted through various platforms of communication media either through face to face or participating in actively inviting. In addition, participation was also performed through other means (sending bouquets & sponsorship support), and also established communication through electronic media (email, conference call).
- Facilitating Guest Visits for the International Stakeholders Corporation (courtesy meeting and signing ceremony) by means of coordination, facilitation, being the front liner for the communication access regarding the expansion of the Company's businesses abroad.
- Optimizing facilities and utilizing the Pertamina Executive Lounge in order to support the facilitation of Pertamina's international business aspirations.
- Internal Consolidation with the Technical Directorate and AP regarding International Business Exposure and to create Mapping of Interest for the International Business Expansion Company.
- Implementation of Cross-Institution Workshops with the Ministry of Foreign Affairs, Ministry of Energy and Mineral Resources, and the Coordinating Ministry for Economic Affairs, implemented after the mapping and categorization of all international business interests.
- Implementation of Workshops and Socialization of Pertamina's Business Protocol to the Technical Directorate, Units and Subsidiaries.
- Facilitating the Technical Directorate and AP in mapping and planning for the International Event Participation Abroad, as well as providing support for the implementation of participation.
- Implementation of Domestic and International Site Visits in Balikpapan by inviting Pertamina international stakeholders (Diplomatic Representatives from 10 Pertamina Priority State Embassies, Ministry of Foreign Affairs, and Ministry of Energy and Mineral Resources).
- Creating a Pertamina Company Profile in 3 foreign languages, which are French, Arabic, and Russian in order to support communication with international stakeholders.
- Creating 2 Diplomatic Intelligence Books for Singapore and Thailand and updating two existing Diplomatic Intelligence books for Myanmar and Russia.
- Conducting corporate events including Townhall Meetings, Inauguration of Projects, and Pertamina's Anniversary.
- Coordination and preparation of the 2018 RKAP within the Corporate Secretary.
- Development of a Center for Farmers Empowerment in Wanasari Village, Sadang Sub-district, Kebumen Regency, on 17th July 2017,
- Development of a Center for Farmers Empowerment in Kebonbatur Village, Mranggen Sub-district, Demak Regency, on 24th October 2017.
- Supporting the 2018 Asian Games XVIII in the form of providing construction of certain supporting facilities including the Building of a 40 lane Bowling Center, and Landscaping the Rusunawa Area in the Jakabaring Sport City, on 4th August 2017.
- Construction of the Indonesian Mosque in Tokyo, 10th March 2017.

- The Development of a Multidisciplinary Laboratory for the Pertamina FMIPA University of Indonesia, on 9th November 2017.
- Funding for the activities of the Pertamina University 2nd year.
- Coordination Meeting for the Operations & Subsidiaries Units 4th-8th January 2017.
- Participation in the UGM PSDK Exhibition in Yogyakarta on 24th-26th October 2017.
- Participation in the 2017 IBD Expo, held at the Jakarta Convention Center (JCC) from 20th-23rd September 2017.
- The participation of the 2017 Gastech Exhibition in Japan from 4th-7th April 2017.
- Achievement of the CSR Index rating at 4.72
- Pertamina was awarded 11 PROPER Gold and also 71 Green PROPER which were awarded by the Government in 2017.

INVESTOR RELATIONS

Duties and Responsibilities

Duties and responsibilities of Investor Relations (IR) are in providing bridging communication between Pertamina and the major stakeholders of IR, which include the financial community, capital market and debt market, both Indonesian and international, in order to support Pertamina's efforts in becoming a company equally rated to any other Public Company.

Scope of Investor Relations Work

In general, the scope of Investor Relations work is classified as follows:

- **Communication with investors, includes**
 - Communication with investor/analyst through meetings, communication via email, phone, and others
 - Provision of information regarding investor profile/bondholder/analyst
 - Providing in-depth information to Investors
 - Organizing IRO Site Visit & Site Visit to Investors
 - Conducting Pertamina Investors Day activities
 - Publishing Financial Statements
 - Roadshow/Roadshow Non-Deal
 - Providing information access through the Investor Relations website
- **Data & Information Management**
 - Data and information management related to market updates
 - Frequently Asked Questions (FAQ)
 - Creating a Financial Glossary
 - The Company's latest semi annual service information
 - Business & financial information services every quarter
 - Memo info every quarterly
- **GMS & Annual Report**
 - Preparation of the Annual Report
 - Preparation of the Sustainability Report
 - Maintenance and training related to management system openness
- **Rules and regulations**
 - STK Annual Report & Sustainability Report
 - STK Disclosure of the Management System
 - STK Disclosure of the Committees
- **New Initiative**
 - Investor Relations Mailing List
 - Stakeholder Management System
 - Webex for online meetings & video conferences
- **Training & Enrichment**
 - IRO Enrichment
 - Training & Certification
 - Benchmarking and public expose
- **Others**
 - Management of the Pertamina Executive Lounge
 - Magazines for the Pertamina Executive Lounge
 - KOMET
 - Preparation for the RKAP & RJPP
 - Preparation for the KPI
 - Creating a Risk Register
 - Survey IR/Corporate Brand/Readers Survey Market Update
 - Participation in awards (Annual Report Award, Corporate Governance, ISRA, and others).

Implementation of Duties 2017

In 2017, activities undertaken by Investor Relations are as follows:

- **Investor Relations Meeting**
This activity was a meeting conducted by the IR Function regarding the preparation of data and information related to meeting with investors or support activities of the Stakeholder Relations Function.
- **Investor Meeting & Interaction**
It is a meeting of VP Stakeholder Relations and IR Functions with the Financial Community, Rating Agency, or Potential Investors conducted in order to update and communicate the Company's development. Interaction was done with one-on-one meetings, group meetings, phone or emails.
- **Investors Concern**
In September 2016, IR Functions identified issues of concern to investors or the financial community as follows:
 - Oil and Gas Holdings
 - Fuel Policy
 - Update on M&P Acquisition
 - Refinery Development
 - WP&B 2017
 - IPP Project

- **Investor Market Insight**

IR Market Insight is an IR weekly publication in the Pertamina Energia Bulletin with a view to exposing global financial market conditions through easy-to-understand explanations and their relevance to the business world and Pertamina.

- **IR Corporate Support**

IR Functions support is designed to provide support to corporate activities or for the preparation of data and information documents required to support the directorate/function activities including the Finance Directorate, Financing Function and other related functions or to support the activities of the Board of Directors and provide any necessary services to stakeholders.

Relationship with Investors & Investment Analysts

The IR function throughout 2017 made at least around 250 interactions with Investors & Investment Analysts through meeting activities (including group meetings and one-on-one meetings), phone calls, webcasts (global investor earnings calls) and email and site visits with investors.

INFORMATION ACCESS AND COMPANY DATA

Pertamina provides the widest possible access to information for shareholders and other stakeholders in order to obtain comprehensive information regarding the Company's performance in accordance with the prevailing laws and regulations. The Company has also established a Public Information Services Management Guideline as a service standard for the community. Internal information access includes town hall meetings, email broadcasts, running text, lobby displays, digital billboards, public announcements, and the Company magazine Energia. Access to external information includes press releases, the Company sites, social media, Ministry sites, and Pertamina contact centers. Detailed information has been presented in the discussion of the Corporate Secretary.

PERTAMINA INTERNAL AUDIT (PIA)



Profile of the Head of Pertamina Internal Audit (PIA)

Faisal Yusra - Chief Audit Executive

Is an Indonesian citizen. He is 53 years old, he was born in Medan and is currently domiciled in Bogor. He was assigned as Chief Audit Executive based on the Decree of the President Director of PT Pertamina (Persero) No.Kpts.P-166/C00000/2017-S8 on 15th September 2017, to present. He holds a Bachelor degree in Electrical Engineering from the University of North Sumatra (1987), Law School of Tridharma University, Balikpapan and S2 Post Graduate of Economics, General Sudirman University (2001).

His career in Pertamina began in 1989 as an Electrical Drawing Staff at the Kalimantan Regional Processing Unit, Superintendent of Project Evaluation Kapital Balikpapan, Superintendent of the Contract Office RU Balikpapan, Assistant Manager of Bang Sis. Ops.Fuel Refinery Directorate of Processing, Assistant Manager of Supervision of Processing Directorate, Assistant of the Contract Manager - Integrated Supply Chain, Quality Management Manager of PT Pertamina (Persero), VP of Quality, System, & Knowledge Management Pertamina (2014-2017), and currently is serving as Chief Audit Executive. Some competence skills include Quality Improvement, Quality Management Assessment, Quality Control, Cost Estimation & Budgeting, Industrial Relation Policies, Oil Accounting System and Project Management & Performance. Some awards that have been achieved include the Honorary Satisfaction Award Satyalencana Wira Karya from the President of the Republic of

Indonesia for his work in creating the Integration System with 4 pillars of Quality Management (2015), ASIA champion, won the award "The Winner of 2013 Asian Most Admired Knowledge Enterprise (MAKE) Awarded in The 14th World Knowledge Forum (WKF) 2013 Seoul, South Korea (2013) & Hongkong (2015), 1st ranking for 5 consecutive years for Indonesia's Most Admired Knowledge Enterprise (MAKE) Awards (2011-2015), and Awards Company - Best in Class (Large Manufacturing Category) Global Performance Excellence Award Asia Pacific Level (2015).

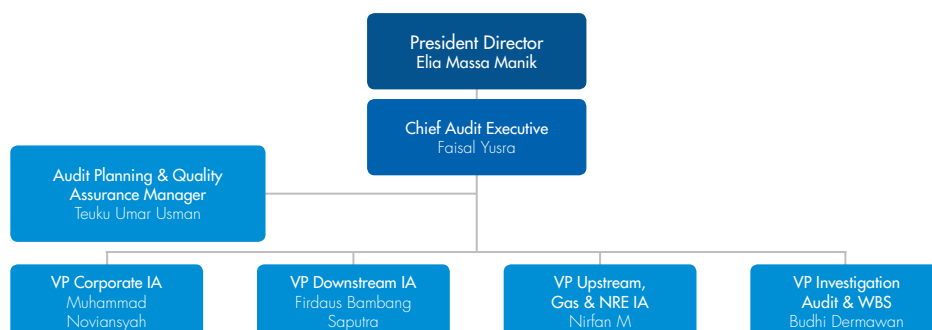
Structure and Position

The Pertamina Internal Audit Unit is positioned directly under the President Director to ensure the independence of all activities or work units audited. The Pertamina Internal Audit Unit is headed by a Chief Audit Executive who has sufficient academic qualifications and competencies in order to perform his/her duties and responsibilities. The Chief Audit Executive is appointed and dismissed by the President Director with the approval of the Board of Commissioners.

The positions in the Pertamina Internal Audit are regulated in the following Decision Letters from the Board of Directors:

1. Decision Letter of the President Director No.Kpts-13/C00000/2015-S0 dated on 21st April 2015, regarding the Organizational Structure of Internal Audit Function for Manager Level and above.
2. Decision Letter of the Director of Human Resources and General Affairs No.Kpts-010/K00000/2015-S0 dated on 26th June 2015, regarding Organizational Structure and the Internal Audit Function for Positions Below Manager Level.

Below is a diagram of the organizational structure of Pertamina Internal Audit Unit.



Number of Personnel and Professional Certification

In 2017, of the total of 160 job positions at Pertamina Internal Audit Unit, there are 136 filled-in positions, with the remaining 24 (twenty four) positions being vacant, with details as follow:

No	Pertamina's Internal Audit Function	Formation	Filled	Vacant
1	Chief Audit Executive	2	2	0
2	Audit Planning & Quality Assurance (APQA)	13	12	1
3	Investigation Audit	16	13	3
4	Upstream & Gas IA	18	17	1
5	Downstream IA	78	64	14
6	Corporate IA	29	27	2
7	Project Assurance	4	1	3
	Total	160	136	24
	Prosentase	100%	85%	15%

Education and Training Program and Professional Certification

PT Pertamina (Persero) continues to send the employees of Pertamina Internal Audit Unit to attend the competency development program implemented through certification program (national and international) and non-certification through training/workshops either held in inhouse or held by external parties. Meanwhile, professional certification owned by employees in the field of Internal Audit include CIA, CFE, CISA, CRMA, CCSA, QIA, CPA, CRMP, CFrA. The certification holders are spread across the Parent Company and its Subsidiaries, so as to accommodate all auditor units in Pertamina. Below are the types of Internal Audit profession certifications in Pertamina in 2017:

No	Type of Certification	∑ Auditor	Note
1	Certified Internal Audit (CIA)	8	International Certification
2	Certified Fraud Examiner (CFE)	27	International Certification
3	Certified Information System Auditor (CISA)	8	International Certification
4	Certified Control Self Assessment (CCSA)	2	International Certification
5	Qualified Internal Audit (QIA)	121	National Certification
6	Certified Accountant (CA)	18	National Certification
7	Certified Public Accountant (CPA) Indonesia	1	National Certification
8	Certified Risk Management Professional (CRMP)	9	National Certification
9	Certified Forensic Auditor (CFrA)	14	National Certification

Duties and Responsibilities

Duties and responsibilities of the Internal Audit Unit as set forth in the Internal Audit Charter are as follows:

- To compose and propose the Annual Work Programs regarding Supervision/Annual Audit Plan and the Budget Plan to be approved by the President Director.
- To conduct monitoring through assurance and consultation activities across all work units in the Company.
- To coordinate monitoring with the Subsidiaries and affiliate Internal Audit units.
- To test and evaluate the effectiveness of controls and risk management.
- To review periodic reports.
- To conduct compliance checks regarding relevant legislation.
- To identify options for improvement and increased efficiency.
- To coordinate with the Audit Committee.
- To report the results of monitoring to the Managing Director and other authorities competent to receive those reports.
- To monitor the implementation of the follow-up results of the internal and external audits, and of other monitoring institutions.
- To coordinate monitoring activities with the external audit.
- To coordinate with Compliance Unit/Chief Compliance Officer as well as other relevant parties in order to perform follow-ups concerning the complaints/disclosures through the Whistle Blowing System (WBS) and complaints arising from the public or other parties in accordance with applicable regulations.
- To conduct investigative audits of problems that could potentially result in losses for the Company.
- To conduct evaluation and quality improvement concerning the activities of internal control.
- To report regarding monitoring activities to the Board of Commissioners or the Audit Committee.
- To perform other tasks as assigned through the Board of Directors and/or Board of Commissioners.

Implementation of Duties in 2017

Based on the evaluation of the Audit Management System (AMS) data, at the end of 2017, the Pertamina Internal Audit Unit had issued 89 (eighty nine) Audit Result Reports (LHA) and consultations consisting of 64 (sixty four) LHA Scheduled Audits, 10 (ten) LHA Unscheduled Audits and 2 (two) LHA Carry Over; 5 (five) Consultation Result Reports (LHK); and 11 (eleven) Reports regarding the Results of the Investigation Audit. Of the 802 findings to be followed-up in 2017, 801 findings have been completed and followed-up by the management (99.88%).

Throughout 2017, the function of the Pertamina Internal Audit conducted 8 supervisions of BPK RI Audit, escorted 5 assignments of BPKP and as a counterpart of the Public Accountant Office concerning the audit of the Financial Report of PT Pertamina for the 2017 fiscal year.

PUBLIC ACCOUNTANT

In performing the audit of financial statements, the Company appoints a Public Accounting Firm (KAP), which was decided in the GMS based on the recommendation of the Board of Commissioners. Information concerning the list of names of Public Accounting Firms and opinions provided for Pertamina's financial statements over the previous 5 years is as follows:

Table of Public Accountants over the previous 5 years

Tahun Buku	Nama KAP	Akuntan	Opini
2017	KAP Purwanto, Sungkoro & Surja (EY)	Drs Hari Purwanto	Unqualified Opinion
2016	KAP Purwanto, Sungkoro & Surja (EY)	Drs Hari Purwanto	Unqualified Opinion
2015	KAP Purwanto, Sungkoro & Surja (EY)	Drs Hari Purwanto	Unqualified Opinion
2014	Tanudiredja ,Wibisana & Rekan (PWC)	Drs Haryanto Sahari	Unqualified Opinion
2013	Tanudiredja ,Wibisana & Rekan (PWC)	Drs Haryanto Sahari	Unqualified Opinion

The audit cost for the Financial Report for the 2017 Fiscal Year was Rp13,592,500,000 (excluding VAT), excluding the cost of audits in the subsidiaries, partners and Pertamina Pension Fund. There are no affiliations between the auditors and the Board of Directors/Board of Commissioners/Shareholders of the Company

In addition to carrying out general audits on the Consolidated Financial Statements, the Accounting firm Purwanto, Sungkoro & Surja also provided other services and they are included in the audit cost, which are as follows:

- Performed an audit on compliance with prevailing legislation and internal control (PSA62) for the year ending 31st December 2017.
- Performed Agreed Upon Procedures regarding the Performance Evaluation Report of PT Pertamina (Persero) for the year ending 31st December 2017.
- Performed Agreed Upon Procedures regarding the Report on the Application of the Precautionary Principle by PT Pertamina (Persero) for the fourth quarter of 2016
- Issued a Management Letter regarding the Consolidated Financial Statements of PT Pertamina (Persero) and its subsidiaries including the Management Letter to the Subsidiaries, Partners and Pension Fund for the year ending 31st December 2017, emphasizing the effectiveness of internal controls.

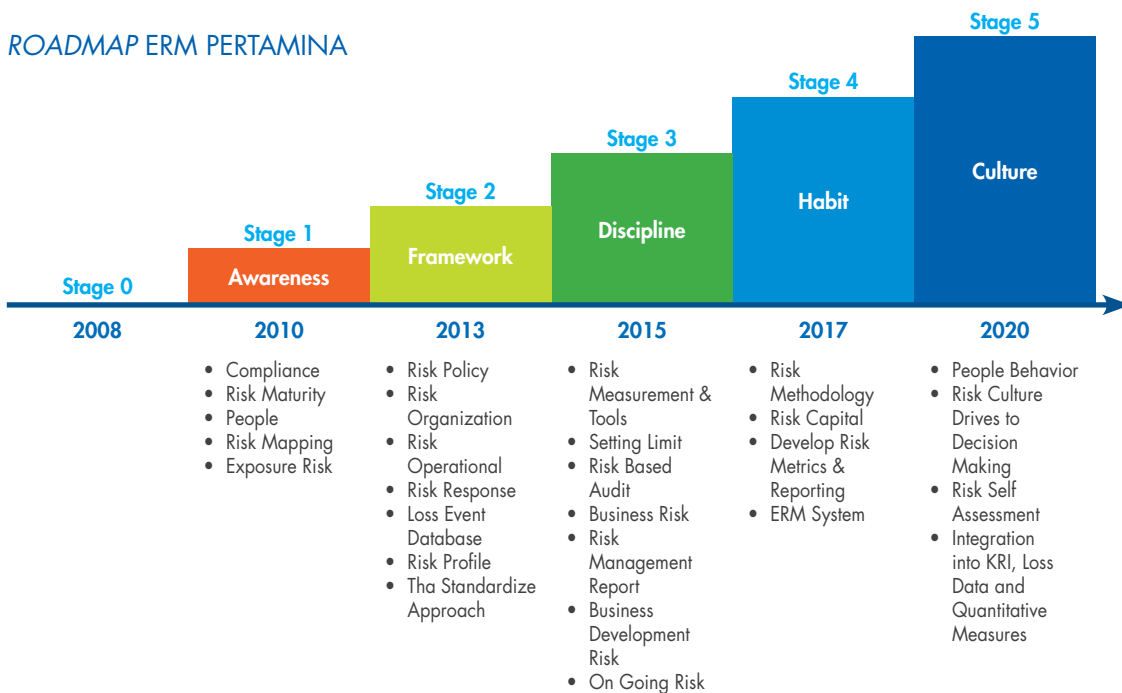
RISK MANAGEMENT

Pertamina, like any other energy companies, continues to face business conditions that possess High Volatility, Uncertainty, Complexity & Ambiguity (VUCA). These conditions have led to an increased risk exposure for Pertamina. To that end, risk becomes an inherent aspect and must be taken into account in every line of business in Pertamina. Enterprise Risk Management (ERM) was established with the objective of minimizing potential losses and costs incurred in relation to the achievement of the Company's Corporate Budget Plan and Long Term Plan. Risk Management is also expected to maximize opportunities, maintain a conducive working environment, build investor confidence, increase shareholder value, promote sound Corporate Governance, anticipate rapid environmental change and integrate corporate strategy.

The basis of the implementation of Risk Management in Pertamina refers to the Regulation of the Minister of State-Owned Enterprise No. PER/01/MBU/2011 regarding the Implementation of Good Corporate Governance for State-Owned Enterprises, particularly Article 25 concerning the fulfilment of obligations to implement Risk Management. In addition, Pertamina has a basis in the form of:

1. The Pertamina Risk Management Charter demonstrates the commitment of the Board of Directors concerning the implementation of Risk Management and was renewed and signed on 1st November 2017.
2. Corporate Governance System Risk Management No.A002/H30000/2015-S9 Revision 1 on 3rd October 2016, which contains the applicable Risk Management Guidelines at Pertamina.
3. Organizational Structure (TKO) & Work Procedures of Individuals (TKI), which contains technical guidance regarding Risk Management.

The Risk Management Platform at Pertamina has been prepared with the objective of realizing Enterprise Risk Management (ERM) of the Pertamina Roadmap, i.e. risk awareness, framework, discipline, habit and culture. Through ERM the Pertamina roadmap will play the role of being a point of reference in applying and evaluating Risk Management in Pertamina.

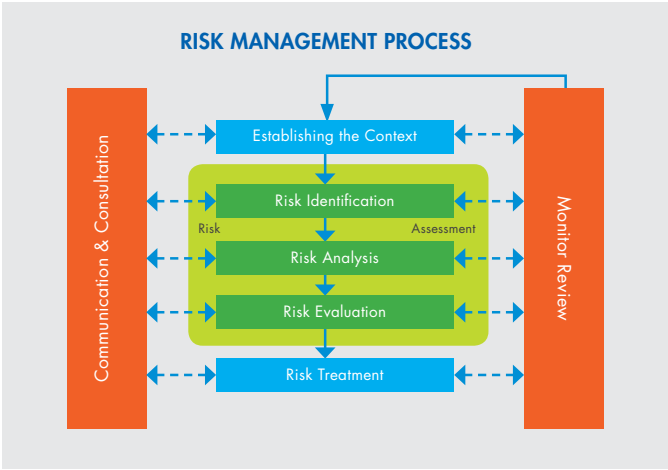
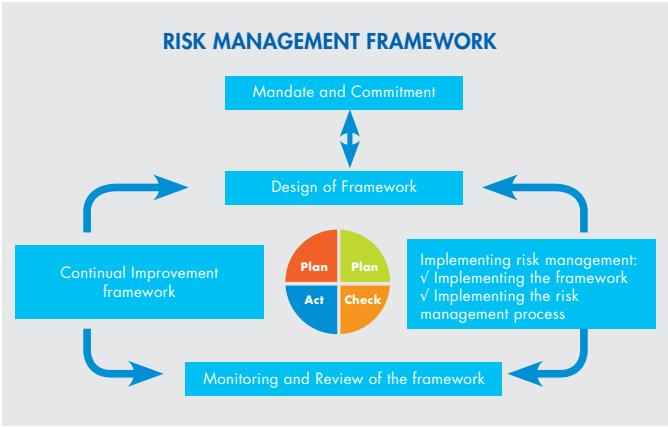


FRAMEWORK ISO 31000: 2009 AS A RISK MANAGEMENT FRAMEWORK IN PERTAMINA

ISO 31000: 2009 is a quality standard in the field of Risk Management that applies internationally. The standard includes principles, framework and guidelines concerning the management of risk.

In the environment of Pertamina, the implementation of ISO 31000: 2009 is the foundation of the Risk Management Framework, it is performed in accordance with the Company's environmental and business processes. Therefore, Pertamina has made adjustments in the application of ISO 31000: 2009 in accordance with the character of the business, organization and culture of the Company so as to support the achievement of ERM objectives in Pertamina. The three main foundations in ISO 31000: 2009 that are implemented in risk management in Pertamina are Risk Management Principles, Risk Management Framework and Risk Management Process.

- RISK MANAGEMENT PRINCIPLES**
1. Create value
 2. Integral part of organizational process
 3. Part of decision making
 4. Explicitly addresses uncertainty
 5. Systematic, structured, & timely
 6. Based on the best available information
 7. Tailored
 8. Takes human and cultural factors into account
 9. Transparent & inclusive
 10. Dynamic, interactive, and responsive to change
 11. Facilitates continual improvement and enhancement of the organization.



IMPLEMENTATION OF ISO 31000:2009 IN PERTAMINA

ISO 31000: 2009 began its implementation in Pertamina starting in 2011. The implementation of the framework was done in stages, starting from policy formulation to the Risk Management Process. Broadly speaking, the implementation of ISO 31000: 2009 can be described as follows:

1. Mandate and Commitment

The Mandate and commitment of the Board of Directors of Pertamina is formulated as a commitment of the Board of Directors to take into account the risk aspects throughout the whole process of decision making. The Mandate and Commitment of the Board of Directors refers to the Risk Management Principle at ISO 31000: 2009 and has been set forth in the Pertamina Risk Management Charter which was inaugurated and signed by all Directors on 1st November 2017.

The Pertamina Risk Management Charter is then used as the foundation for the implementation of Risk Management in Pertamina, which is also supported by the Working System, the Organizational Structure of the Organization and the Work Procedures of Individuals. The foundation is a reference for all employees in applying Risk Management in their respective Directorates and Functions.

2. Preparation of the Pertamina Risk Profile

Preparation of the Pertamina Risk Profile is performed through the Fault Tree Analysis (FTA) method and Failure Mode Effect Analysis (FMEA). Through the combination of both methods we can effectively identify top down and bottom up risks so that the risk profile can be described more comprehensively. Pertamina's risk profile is based on the aspirations of the Board of Directors, which means it is expected to cover both strategic and operational risks.

Preparation of Pertamina's Risk Profile refers to the Risk Management Process in ISO 31000: 2009 that includes the determination of context, identification, analysis, evaluation, handling and risk monitoring. The establishment of a context in the preparation of a Risk Profile is limited to the Ongoing Business and Business Development risks that could potentially occur during a budget period of one year, which has financial and reputation, strategic, legal and other business impacts. Risk Owner is the first line of defence and each leading business unit for Risk Management is to identify inherent risk in every process and business unit along with Risk Agent, Key Risk Indicator (KRI), positive factor (control) and impact of risk. Furthermore, risk analysis is conducted through Risk Owner, by either qualitatively or quantitatively based on the historical data and expert judgment. Commonly used risk analysis methods are Value at Risk (VaR) and the Delphi Method.

The following is a risk evaluation based on the results of the previous analysis to determine the decision of whether further risk management is required and the type of risk handling measures taken to effectively and efficiently address the Risk Agent. Each of the above stages is always accompanied by a process of communication and consultation with

the aim of ensuring the Risk Owner understands and applies Risk Management in accordance with the corporate policy. The above process is documented in the Risk Register.

The Risk Register, which has been prepared by the Risk Owner is consolidated by every Directorate, Function and Subsidiary in Pertamina so as to be selected as the Top Risk Directorate, Function and Subsidiary based on the threshold and challenge session result with each of the highest ranked leaders. Furthermore, Corporate Risk Management in this case is through the ERM Function of consolidating the Top Risk Directorate, Function and Subsidiary, which has been approved by every top leader to be processed into the Top Risk of Pertamina.

Pertamina's Top Risk Management is the responsibility of the Risk Management Committee which consists of all Pertamina Directors. Through the implementation of Risk Management, both at the Corporate and Functional levels, it is expected to increase the level of assurance for all Pertamina stakeholders in achieving corporate targets.

3. Monitoring & Review

Risk Owner as the owner of the risk is obliged to implement the mitigation plan and to ensure that the mitigation implemented has had the desired impact regarding a decrease of impact scale, risk scale or both. These activities are then reported quarterly to Corporate Risk Management. In each of these activities, the Risk Owner and Risk Management Directorate/Function can consult with the Corporate Risk Management

The implementation of Risk Management in Pertamina can perform well because it is supported by the organizational structure that is appointed to be responsible in every Directorate, Function and Subsidiary and is coordinated through Corporate Risk Management. In addition, Risk Management in Pertamina can also perform well due to the fact that Risk Management has been designated as one of the Key Performance Indicator (KPI) items under the name of Enterprise Risk Management for the Board of Directors and the Risk Management Implementation level to encourage all lines to manage risk.

RISKS FACED TO PERTAMINA AND THEIR MANAGEMENT

The rapid development of the energy business, raises new risks that will be faced by Pertamina. This condition encourages Pertamina to rapidly identify new risks so that all lines of the Company are expected to remain alert to the Company's internal and external conditions.

Pertamina's Risk Management process is the right process in order to identify the Company's risks. Throughout 2017, there were 1908 identified risks with 1,071 qualitative risks and 837 risks that were quantitative risks. From the identification result, Pertamina's Risk Profile was obtained by the Board of Directors in accordance with Pertamina's Risk Intelligence Map (RIM), which includes the following:

1. Strategic Risk and Planning

Strategic Risk and Planning are the risks associated with strategic planning of Pertamina including Corporate Responsibility & Sustainability, external factors, planning, project, and strategy. Pertamina's strategic and planning risks include the risks of not achieving the target of oil and gas production and the risks regarding the scarcity of oil and petroleum products.

2. Financial Risk

Financial Risk is a risk associated with business activities including accounting, credit, liquidity & financial intelligence, financial market, planning & budgeting, and operational, which has resulted in Pertamina's financial loss. Risks that arise in relation to business activities including the risk of movement or fluctuation of market variables including commodity prices, interest rates, and oil prices and the risk of delays or failures of customers.

3. Operational and Infrastructure Risk

Operational and Infrastructure Risks are the risks related to Pertamina's operational and infrastructure activities including corporate assets, human resources, information technology, external events, legal, process management, product development, and sales, marketing and communications. Operational and Infrastructure Risks faced by Pertamina include Occupational Safety and Health Risks of Employees and Environmental Pollution and Risk of Pertamina's Non-Optimal Assets.

4. Risk of Governance

The Risk of Governance is a risk caused by the lack of or non-compliance with the rules of Corporate Governance and Business Ethics in the management of Pertamina. The Risk of Incorrect CSR Program Objectives and the Risk of Loss in the Implementation of the PSO Fuel Assignment are the main risks Pertamina needs to pay close attention to.

5. Compliance Risk

Compliance Risk is a risk associated with Pertamina's business activities caused by the lack of or non-compliance with prevailing regulations. There are two major risks faced here, the Risk of a Decreasing GCG Assessment and Fraud Risk.

6. Reporting Risk

Reporting Risk is a risk associated with Pertamina's obligation to submit reports to interested parties/shareholders. The Risk of Financial Statements and Management Reports being not timely submitted, the risk of Unreliable and Unfair Implementation of GMS falling behind schedule are the two main risks that need to be considered.

The mitigation plan prepared throughout the risk identification process was undertaken with the aim of reducing the impact and the probability of the occurrence of risk. The mitigation actions performed on Pertamina's risks are:

1. Strategic Risk and Planning

The mitigation efforts undertaken to address the Risk in Outcomes of meeting the Oil and Gas Production Targets and the Risk of Crude Oil and Petroleum Products is to explore more new and organic/inorganic reserves, diversify oil products and also to seek out and develop other energy alternatives (New and Renewable Energy)

2. Financial Risk

Risk of Movement or Variable Market Fluctuation like Commodity Prices, Interest Rates and Crude Oil Prices can be mitigated through performing Foreign Exchange Hedging transactions, seeking out competitive loan interest rates and performing Market Risk Analysis. Implementing scoring and rating systems in crediting in order to reduce the risk of delay or default from customers.

3. Operational and Infrastructure Risk

In Overcoming the Occupational Safety and Health Risks and Environmental Pollution, Pertamina is continuing to improve employees' safety awareness through training programs and enrolling safety aspects as KPIs for all employees. The risk of Pertamina's Non-Optimal Assets is solved by improving, maintaining, rejuvenating production assets with new technology.

4. Risk of Governance

Risk of Inappropriate CSR Programs. The objectives are mitigated through the implementation of a top-down approach strategy in order to ensure implementation of the program at the operational level as well as monitoring the implementation of CSR. Downstream optimization and the proposed alpha BBM PSO adjustments are meant to mitigate the Risk of Loss in the Implementation of the PSO Fuel Assignment.

5. Compliance Risk

The risk mitigation action preventing a Decreased GCG Assessment is through the socialization and implementation of GCG, monitoring compliance LHKPN and the execution of assessments by external parties. Fraud risk is handled through the implementation of the Whistle Blowing System, and conducting periodical audits.

6. Reporting Risk

The risk of Financial Reports and Management Reports being not submitted in a timely manner, also being Unreliable and Infeasible are mitigated through periodic data reconciliation, Business Process Control (BPC) usage and system improvements related to

actual costing configurations. Mitigation Measures of the Risk of the Implementation of the GMS not being held well and on schedule is through the preparation and conducting of Pre-GMS meetings, Circulars and RUPS RJPP.

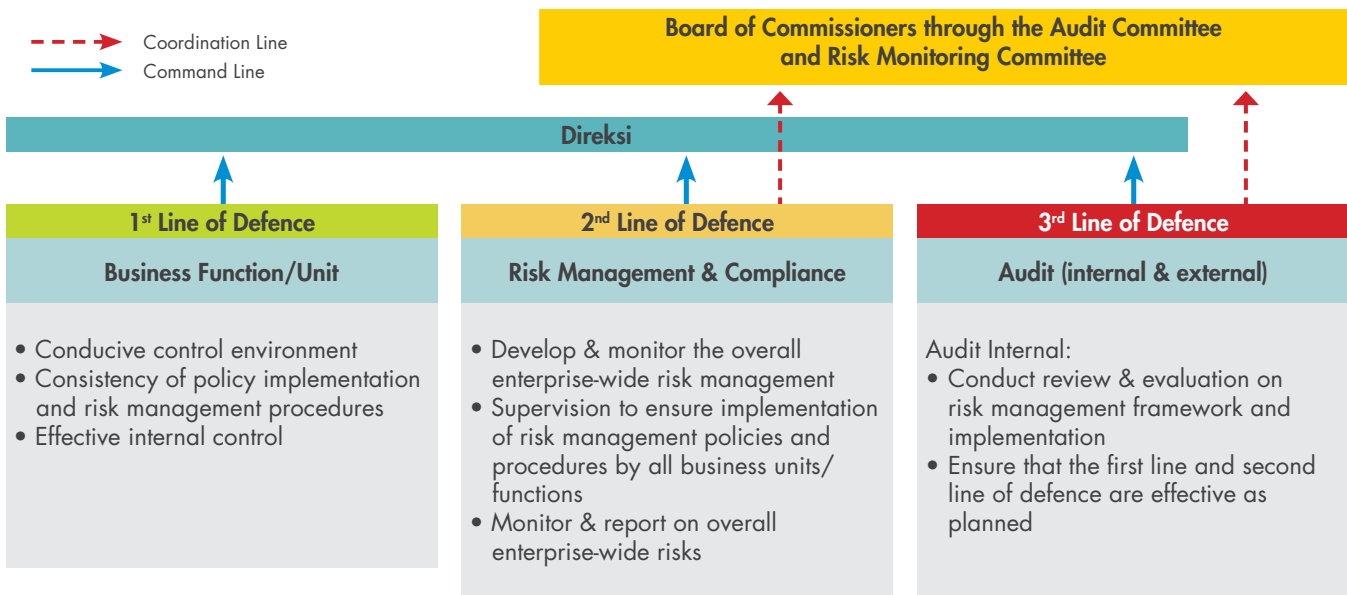
Through this implementation of mitigation, it is hoped that Pertamina’s Risk Profile, which was originally at a High Risk will decrease to a Low Risk in accordance with the Risk Management Committee.

The 2018 Risk Management Strategy should be able to cover and consider business conditions for 2018. The implementation of Risk Management must be able to provide early warning through a comprehensive business analysis while still implementing the risk management that has been performed, and is also supplemented by more detailed mitigation monitoring, which will be described in the Monitoring Report of Pertamina’s 2018 Top Risk Pertamina.

In particular, the Board of Directors has aspirations regarding Pertamina’s Risk Management Strategy through the design of effective Work Programs, ensuring efficient coordination among Directorates, conducting evaluations related to strategic projects and enhancing facilities and services to workers.

EVALUATION TO THE EFFECTIVENESS OF THE SYSTEM OF RISK MANAGEMENT

Risk Management in Pertamina has a Risk Management Control System known as the three lines of defence, which are summarized in the following graphs:



The three lines of defense model shows the role of each stage in controlling Risk Management. The evaluation of Risk Management in Pertamina is divided into 2 sections, which are Risk Management Audit and Risk-Based Audit (RBA). The Risk Management Audit is a review and evaluation of risk management policies that are developed, whereas the RBA is an audit of risk management across all business lines. RBA comes from the Risk Register. The Risk Register is one of the most important materials in the audit plan over the year. In principle, the auditor will conduct a sampling evaluation of the effectiveness of the implementation of risk management on the identified potential risks listed in the audit plan. The results of the inspection are submitted in the form of recommendations or findings reported to the Corporate Risk Management and Risk Owner. The recommendations or findings are expected to be a reference for updating the Risk Register and/or making mitigation improvements or additions in order to be more effective.

ACHIEVEMENT OF RISK MANAGEMENT IN PERTAMINA

The rapid development of the digital era has prompted Pertamina to digitize, including for risk management. Therefore, since 2014 Enterprise Risk Management has encouraged the formation of systems that can be accessed in real time. The ERM System was established so as to facilitate the Risk Owner to register risks and serve as a Pertamina risk database. Data entry in the ERM System started in 2016 and continues to grow until now. In addition to facilitating the Risk Owner in registering risk, the ERM System is also expected to function as a dashboard of risk management that can be monitored directly by the Board of Directors

Pertamina's business lines are divided into Ongoing Business and Business Development, which means that risk management in Pertamina needs to be differentiated across both lines of business, as well as the establishment of the ERM System. Broadly speaking, the ERM System is divided into management for the Ongoing Business and Business Development. The flow or operating system is established in accordance with Pertamina's operational standards.

As one of the acknowledgements and appreciations regarding Risk Management, Pertamina has received appreciation from the ASEAN Risk AWARDS organized by the Enterprise Risk Management Academy (ERMA). At the event, Pertamina was named as Runner Up in the Risk Champion category. The award was presented to organizations that were able to demonstrate innovation in Pertamina's Risk Management.

The appreciation of good risk management in Pertamina is also shown through the increasing number of companies, both State-Owned Enterprises and Private Companies that conduct comparative studies of risk management to Pertamina. Through until 2017, Pertamina has been receiving comparative study requests from dozens of companies comprising of mining, aviation, finance, automotive, fertilizer, railway, electricity, arms, cement, insurance, property, steel, toll road and air navigation companies.

INTERNAL CONTROL SYSTEM

Principles of the Internal Control System

The Company's Internal Control System is in line with the internationally-accepted Internal Control System according to the Committee of Sponsoring Organizations of the Tradeway Commission (COSO). Pertamina's principles for its Internal Control System consists of several components, which are the control of the environment, risk assessment, control activities, information and communication, and monitoring.

Control of Operational and Financial Activities

In controlling operational activities, the Company imposes the preservation of integrity and ethical values, encourages workers to implement the Company's rules and policies, and encourages workers to show exemplary attitudes and actions, enforces disciplinary actions towards rule violations, determines discretionary policy related to interventions against management policies, minimizes the potential for conflicts of interest, compiles the SOP and competency standards, creates conducive leadership, and creates a safe and healthy working environment.

In controlling financial activities, Pertamina has established a policy related to Internal Control over Financial Reporting (ICoFR) and its evaluation. The policy designs, implements, evaluates and reports on the effectiveness of Internal Controls both at the entity and transactional levels, including internal control facilitated by Information Technology (IT General Control & IT Application Control). In the long run, the implementation of ICoFR provides a greater level of confidence for stakeholders regarding the effectiveness of the Internal Controls of Financial Reporting and enhances further confidence in the Company and Management of the Company.

The Suitability of Internal Control System with COSO Framework

Pertamina has adapted the implementation of the Internal Control System within the COSO framework through implementing the 5 components and 17 principles specified within the COSO framework. Related to risk management aspects in the Internal Control System, Pertamina also refers to (ISO) 31000: 2009 Risk Management - Principles and Guidelines. The compliance of the Internal Control System with the COSO framework is intended to enable Pertamina to define its objectives in accordance with the Company's vision and mission, ensuring the effectiveness and efficiency of resource use, prioritizing reporting trust and complying with prevailing laws and regulations.

Evaluation of the Effectiveness of Internal Control Systems

Periodically, Pertamina evaluates the effectiveness of the on-going monitoring, followed by a separate evaluation conducted by the Internal Audit Unit, which then analyzes the results obtained. The evaluation results regarding the implementation of the Internal Control System forms one of the foundations of the management evaluation towards the effectiveness of the Internal Control System to determine any required improvements of the system or policy which enables the management to be more effective in running the Company's operational activities. The Internal Control System within the Company is continuously evaluated so as to keep up with business growth and to support the Company's performance.

IMPORTANT CASES

Legal Cases

Pertamina through the Legal Function handles various legal issues faced by the Company; to coordinate the strategy and handled cases faced by Pertamina at the Corporate, Directorate, Operational and Subsidiary levels; and is a function that reports directly to the President Director. In practice, the Legal Function uses the In-House Lawyer of Pertamina and External Lawyers.

Legal Case/Lawsuit	Impact on Pertamina	Recent Status
Land issue at Bitung Depot, related to a land ownership dispute of Pertamina Depot Bitung. The Land for Depot Bitung is declared not executable but the rights of the landowner should not be impaired.	Affecting Pertamina's good image and may disrupt Pertamina's Depot activities in Bitung.	The Governor of North Sulawesi has formed a team consisting of elements of the Provincial Government, Regional Office of BPN, Kejati, Kapolda and Pertamina to resolve the problem of Depot Bitung land.
Land issue at Jalan Pemuda, related to the lawsuit over the use and ownership of the land by Pertamina, covering an area of ± 1.6 Ha. The legally binding verdict penalized Pertamina to pay compensation for the 3,150 m ² land, the amount of which is determined by the Committee for Land Acquisition and Compensation.	Affecting Pertamina's good image and may disrupt Pertamina's SPBG operation activity on the disputed land.	Pertamina will settle the matter with the Beneficiary in its entirety with the assistance of the Settlement Team to have a transaction of the legal transfer of land rights with the legal parties and documents in accordance with applicable regulations.
Land issue at Bukit Datuk Dumai, related to the dispute on the ownership and use of Pertamina's land covering + 200 Ha. Decisions up to the level of PK declared Plaintiffs as the land owner and Pertamina shall pay material damages. The land in the object of dispute has been executed, but Pertamina filed an execution cancellation.	Affecting Pertamina's good image.	<ul style="list-style-type: none"> The verdict of PN, PT, and Cassation declared that the execution is unlawful or null and void. Pertamina has also reported the Village Head who made the Certificate of using/ cultivating on a plot of land on the alleged offense of letter fraud. On the criminal report, there has been a criminal verdict, which states that the Village Head has been proven and convincingly guilty of committing a criminal act "Participating in Counterfeiting Letter". Currently, the Legal Counsel & Compliance Function of Pertamina is seeking legal opinions from External Lawyers for any legal action Pertamina can take to abort the ruling of the principal case, so that the Beneficiary has no legal basis to file the execution.
Makassar Installation Case, relating to lawsuit regarding land rented by Pertamina for the Makassar Installation. The verdict of PN and PT was in favor of PT Pertamina, but in the Cassation Decision, Pertamina must pay compensation. Verdict from the Judicial Review affirmed the Cassation decision.	Affecting Pertamina's good image and may disrupt Pertamina's operation at Makassar Depot.	<ul style="list-style-type: none"> Currently third party opposition legal effort from the Ministry of State-Owned Enterprises is still going on at Appeal level. Pertamina coordinates with BPN, so that BPN proposes a Review based on the novum to cancel the decision of cassation. Pelindo will report the Plaintiff in a criminal case with the intention of annulling the existing Civil ruling. Pertamina will file an execution resistance if the Plaintiff has submitted an application for execution
Sinabung Simprug Land Case, related to Land Ownership Disputes Ex. Gas Station Sinabung Street - Simprug, Jakarta. Pertamina is deemed to have committed an illegal Act over the control of the land area of 3,033 m ² Ex. Sinabung filling station - Simprug.	Affecting Pertamina good image, loss of assets and pay compensation.	There has been a permanent legal ruling that punishes Pertamina to deliver 3,033 m ² of land and compensation to the Plaintiff.

Administrative Sanctions

In 2017, PT Pertamina (Persero) did not receive any administrative or financial sanctions from the authorities.

CODE OF CONDUCT

Principles

Pertamina's ethical code or ethical guidance is reflected in the new Code of Conduct passed in 2017. The Code of Conduct is an improvement on the previous Code of Conduct and consists of provisions related the Vision, Mission, Values, Good Corporate Governance principles and Behavioural Models, which are as follows:

1. Operations that meet Health, Safety, Security and Environment
2. Human Resources includes integrity in working, professional work attitude, equal career opportunities, and avoidance of discrimination.
3. Commitment to partners and customers includes fair business competition; gifts, banquets and entertainment; money laundering crime; as well as commitment to customers.
4. Commitments to shareholders and stakeholders includes commitments to the Government as shareholders; commitment to stakeholders; social and environmental responsibility; political activities and professional organizations; and public information disclosure.
5. Protection of the Company's assets, with the basic provisions in order to protect the Company's assets; confidentiality of data and information; intellectual property rights; and the whistleblowing system.

Enactment of the Code of Conduct for All Organizational Levels

Pertamina's Code of Conduct is binding and applicable to all members of the organization spanning every level of position in Pertamina. This Code of Conduct was signed by the President Director and the President Commissioner of the Company and is enforced under the Decree of the President Director No.Kpts-42/C00000/2017-S0 on 22nd June 2017.

These guidelines serve as guidelines for Pertamina's employees to always act in accordance with the predetermined standards of the Company based on the values and principles of GCG.

Socialization and Dissemination

Socialization and dissemination of the Code of Conduct is performed thoroughly across all functions and directorates of Pertamina through the Compliance Online System portal, face to face socialization and the formation of the GCG champion.

Sanctions and Number of Violations

Pertamina will issue sanctions in accordance with the provisions in reference to the Collective Work Agreement, if there is a violation of the provisions of the Code of Conduct. All employees and stakeholders have access to the Whistleblowing system (WBS) of Pertamina so as to report anonymously and confidentially any Code violations. Each incoming report will be followed up by the related Function. Until the end of 2017, Pertamina had received 75 reports of code violations that have been accepted by the Pertamina Compliance Function. All reports have been followed up in accordance with the Company's policies and regulations.

ANTI GRATIFICATION POLICY

Pertamina realizes that through the regular implementation of business activities, relations and interactions of various parties, both internally and externally, establishing cooperation, harmonious and sustainable relationships can not be avoided. In this cooperation, the existence of gratification from one party to the other party is also an inevitably.

Therefore, Pertamina always maintains the integrity of the Company through the commitment to apply the principles of anti-gratification. The Anti-Gratification Initiation is socialized to all of Pertamina's employees in

order to uphold the values and culture of the Company. Pertamina's anti-gratuity policy is contained in Gratification, Rejection, Acceptance, Gifts and Entertainment No.A-002/N00010/2012-S0. Regularly, Pertamina also actively participates in a series of activities organized by the Corruption Eradication Commission (KPK) in commemoration of the International Anti-Corruption Day (HAKI).

REPORT ON ASSETS OF STATE OFFICIALS (LHKPN)

The stipulation in regards to Report on Assets of State Officials (LHKPN) in Pertamina refers to Law No. 28/1999 regarding Clean State Organizations and Freedom from Corruption, Collusion and Nepotism. According to SK No.56/C00000/2013-SO dated 19th September 2013, the President Director of Pertamina has stipulated that stakeholders are mandated to submit the LHKPN, including:

1. Board of Commissioners
2. Board of Directors
3. Senior Vice President/equivalent
4. Vice President/equivalent
5. Subsidiaries' Boards of Directors

6. Manager/equivalent
7. Subsidiaries' Boards of Commissioners who are not serving as Pertamina Directors or executive officials
8. Vice President/equivalent in Subsidiaries
9. Manager/equivalent in Subsidiaries.

In 2016, the number of LHKPN received by the Compliance Function were 1,550 reports, or 81.35% of the total 1,905 mandatory LHKPN reports of Pertamina and its Subsidiaries.

POLICY REGARDING PARTICIPATION IN POLITICS

The Company respects the political and association rights of all of Pertamina's employees. The Company is neutral by not participating directly or indirectly in political party activities and does not make donations or contributions in any form. This commitment is a manifestation of Pertamina's dedication in performing Good Corporate Governance practices. Pertamina's commitment form is listed in the Pertamina Code of Conduct which stipulates the following:

1. Pertamina's employees are prohibited from engaging in political activities within the Company and making donations and providing other assistance in any form that takes the name of the Company, including the use of facilities, facilities and funds of the Company for the benefit of Political Parties.
2. Pertamina's employees are prohibited from carrying, installing, displaying, and wearing Political Party symbols, pictures and/or ornaments in other workplace offices/facilities of the Company.
3. Pertamina's employees may become the administrators of Political Parties and/or candidates/legislative members or candidates/Regional or Government Leaders by filing a layoff request as an employee or terminating his/her working relationship with the Company.
4. The Company supports Pertamina's employees to participate actively in the activities of professional organizations or other social organizations that provide benefits for Pertamina.

WHISTLE BLOWING SYSTEM

Complaint Channels

The Whistle Blowing System (WBS) is a system that provides a means of recording complaints to the stakeholders regarding alleged violations that occur in the Company. To avoid any potential conflicts of interests, management of the WBS in Pertamina is conducted in cooperation with an Independent Consultant.

The WBS in Pertamina can be accessed by all stakeholders including the public through various complaint channels, which are as follows:

Phone : 021-381 5909/5910/5911

SMS : 08111750612

Fax : 021-381 5912

Website : <https://pertaminaclean.tipoffs.info>

Email : pertaminaclean@tipoffs.com.sg

Post : PO BOX 2600 JKP 10026

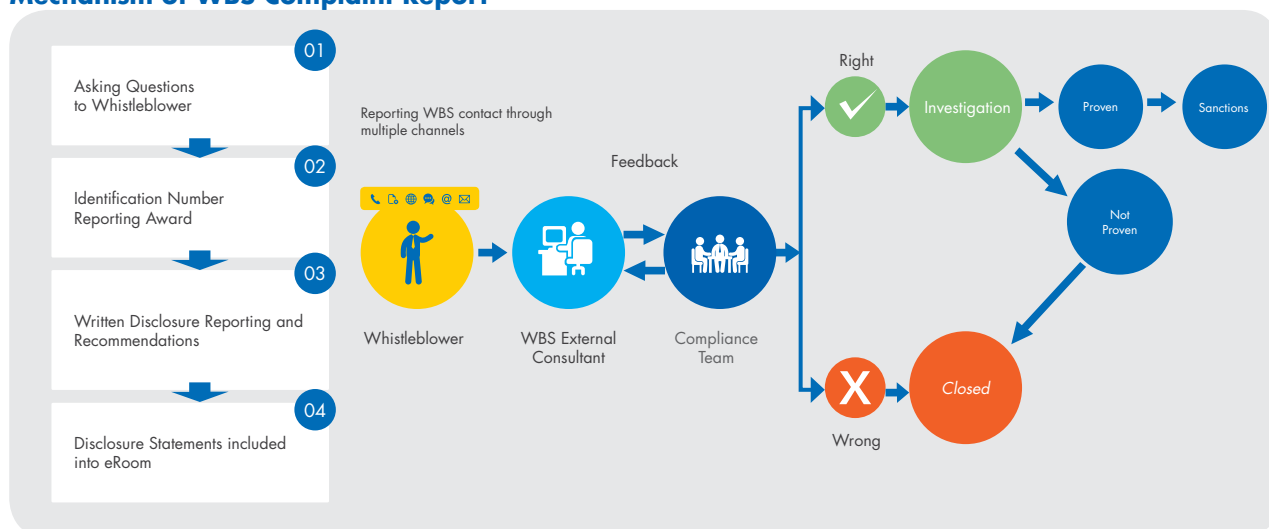
Whistleblower Protection System

The Company provides protection to the whistleblower as stated in the Collective Labour Agreement governing the guarantee of confidentiality of the whistleblowers identity and the matters reported; legal protection against the consequences of reporting; protection against disturbance/ physical threat to the whistleblower and assurance of non-discrimination including potential barriers in career development, transfer or demotion. The Company also threatens to lay off superiors who impose sanctions on the whistleblower.

WBS Manager

Pertamina's WBS is managed by professional and internationally reputable consultants.

Mechanism of WBS Complaint Report



Mechanism of WBS Complaint Report

The Mechanism of Handling and Following Up the WBS Report Management of the WBS is conducted with the principle of confidentiality, anonymity and independence. Each incoming complaint is received by the independent consultant, who will analyse and ask for more details from the whistleblower, which will then be conveyed to Pertamina. The mechanism of handling the WBS report is conducted based on the Organization's Working Procedures related to the Whistle Blowing System No.B-001/M00000/2016-S0 First Revision effective as of 12th April 2017.

Once the report is received from the independent consultant, the Compliance Function will conduct a preliminary review to be sure whether the WBS report is right and proper for investigation. The process of investigation will be performed by the Internal Audit Function. Following up concerning the handling of the WBS report will be performed with synergy between the Legal Counsel & Compliance, Internal Audit functions and the HSSE function.

Number of WBS Reports and Sanctions Issued

Throughout 2017 there were 75 WBS reports, with the number of reports being completed at 27 reports. Sanctions for violations committed were issued in accordance with applicable regulations.

Table of WBS Complaints Category 2017

No.	Category	Total
1.	Corruption	7
2.	Bribery	5
3.	Conflict of Interest	10
4.	Theft	8
5.	Fraud	3
6.	Violation of Laws and Regulations	42
7.	Others	-
Total in 2017		75

Table of Number of Complaints

Year	WBS Complaints	Resolved
2017	75	27
2016	69	34
2015	66	23

INFORMATION AND CLARIFICATION OF BAD CORPORATE GOVERNANCE PRACTICES

Information and Clarification Table of Bad Corporate Governance Practices

Practices	Explanation
Presence/absence of Corporate Governance practices that have not become the standard of Good Corporate Governance practices.	GCG Practices applied by the Company have followed and have complied with the applicable regulations.
The presence of a report stating that the Company pollutes the environment.	The Company did not receive a report from internal or external parties related to environmental pollution
Important matters currently faced.	Important matters are conveyed in the Annual Report
Non-compliance in the fulfilment of tax obligations	The Company has fulfilled tax obligations and did not receive warnings or sanctions related to tax activities
Non-compliance of the presentation of the financial statements to the Financial Accounting Standards	The Company has presented the financial statements according to the applicable Financial Accounting Standards

IMPLEMENTATION OF PUBLIC COMPANY CORPORATE GOVERNANCE

The implementation of Public Company Corporate Governance as stated in SEOJK No. 32/SEOJK.04/2015 aims to improve the implementation of Corporate Governance practices in Indonesia as well as a key reference in improving the Company's Good Corporate Governance practices and regulations. Despite its non listed status, Pertamina has supported the effort and applied it to the Company's environment in the following aspects:

1. Improving Communication with Shareholders or Investors.
 - a. Pertamina imposes a responsive, balanced and objective communication process to investors and analysts.
 - b. Pertamina ensures that the information submitted to the shareholders or investors has a high degree of reliability and accountability.
2. Improve the Quality of Duties and Responsibilities of the Board of Commissioners and Board of Directors
 - a. In assessing the performance of the Board of Commissioners and the Board of Directors, Pertamina applies assessment through an independent assessment body as a demonstration of the Company's commitment to the implementation of Good Corporate Governance practices in a transparent and professional way.
 - b. The results of assessment are disclosed in the Annual Report
 - c. The Pertamina Articles of Association stipulate that the dismissal of Commissioners and Directors can be conducted if the person concerned failed to perform the provisions of the legislation and/or Articles of Association. In addition, Commissioners and Directors may also be dismissed by the GMS in the event that the person concerned is found guilty by a court, the verdict of which has binding legal force.
3. Improving Aspects of Corporate Governance through Stakeholder Participation .
 - a. Pertamina possesses an anti-corruption and anti-fraud policy contained within the GCG enforcement devices.
 - b. Pertamina possesses the policy to select and increase the ability of suppliers or vendors as part the implementation of integrated and ethical Good Corporate Governance practices.
 - c. Pertamina has a policy regarding the fulfilment of the rights of creditors to have internal regulations, included being related to the fulfilment of Pertamina's obligations concerning interest and principal payments and other obligations being made on time by according to the payment schedule as stipulated in the contract.
 - d. Pertamina possesses policy related to the Whistle Blowing System as contained in the Whistle Blowing System (WBS) Guidelines No. B-001/M00000/2016-S0 3rd revision that contains the policy related to the types of violations that can be reported, how to report, protection and guarantee of the confidentiality of the complainant, the handling of complaints, those who manage the system, and also the settlement and follow-up of the complaints.
4. Improving the Implementation of Information Transparency.

Pertamina takes advantage of the use of Information Technology as a commitment to implement transparent and accountable Good Corporate Governance practices.
5. Increasing the Implementation Value of the General Meeting of Shareholders (GMS)

Pertamina does not have the means or the technical procedure of opened or closed voting that promotes independence and the interests of shareholders because Pertamina only has a single Shareholder, which is the State through the Ministry of State-Owned Enterprises.
6. Determining the number and the composition of the members of the Board of Commissioners and Board of Directors.

Pertamina does not have a special policy in determining the number and the composition of the members of the Board of Commissioners and the Board of Directors. It is determined by the Single Shareholder at the GMS, which is the Republic of Indonesia. However, Pertamina believes that all members of the Board of Commissioners and the Board of Directors have met the formal requirements and material in accordance with the procedures.



CORPORATE SOCIAL RESPONSIBILITY

Throughout its six decades of operation, Pertamina has had a solid engagement with its communities and environment in contributing to the improvement of people's welfare and environmental empowerment through the implementation of Corporate Social Responsibility (CSR) programs and activities.

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CORPORATE SOCIAL RESPONSIBILITY

FOREWORD

Commitment

Pertamina realizes that the success of the Company's business in achieving the "8 World Class Priorities" of Pertamina is not only influenced by internal factors, but also affected by all other stakeholders who are involved with the operations of the Company. Throughout its six decades of operation, Pertamina has had a solid engagement with its communities and environment in contributing to the improvement of people's welfare and environmental empowerment through the implementation of Corporate Social Responsibility (CSR) programs and activities.

Pertamina has a moral obligation to provide benefits that includes the enhancement of access to improved conditions in the aspects of Social, Economy, Quality of Life, as well as towards care of the Environment in communities. Therefore, Pertamina is very committed and responsible in the implementation of its CSR Programs including the establishment of the CSR management unit. CSR initiatives are added for the benefit of all stakeholders by synergizing the CSR Program with Corporate Strategy so as to achieve optimal and sustainable business growth for Pertamina.

In order to maintain the efficiency and effectiveness in the implementation of CSR, Pertamina has several CSR programs, Partnership Programs and Community Development (PPCD) through the provision of energy to be used for the growth of communities and their development as a commitment to take part in the Government program of establishing social and economic independence as well as improving living standards in the communities.

The overall strategic objective of the CSR program conducted by Pertamina is to enhance its reputation and credibility through providing CSR activities that are integrated with its business strategy. In order to achieve this, Pertamina implements the following major strategies:

- Mutual benefit (fair shared value)
- Sustainability
- Prioritizing operations and impacted areas
- Development of green energy as demonstration of responsibility towards operational impact
- Effective dissemination and publication.

The commitment of Pertamina in implementing its CSR and PKBL Programs is reflected through the various activities being conducted, which includes activities in the fields of Education, Health, Environment, Infrastructure, Community Empowerment, Disaster Management, as well as Special Assistance. Implementation of these activities are conducted by all working units of CSR at the headquarters, operational units, and the Company's subsidiaries. A number of the activities, particularly in the field of Education, are conducted in cooperation with the Pertamina Foundation.

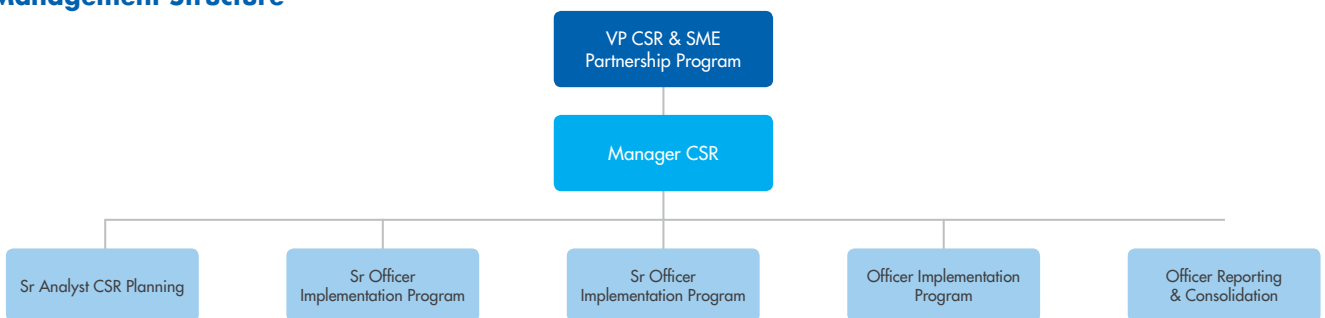
Under the theme of "Pertamina Friend of the Earth", Pertamina implements its CSR program for the purposes of People, Planet and Profit (3P). These objectives have become the primary focus of Pertamina in running its operations, where products are developed and the Company is also providing services with complete consideration as to environmental sustainability, especially the planet, and for the benefit of future generations. Pertamina's CSR focuses on four issues that form the pillars of which Pertamina organized its CSR activities in 2017 and to be continued being implemented in 2018 with a primary focus on several strategic initiatives:

In 2017, Pertamina focused its CSR activities in several strategic initiatives including the following:

1. Employee Volunteering
CSR activities are implemented by emphasizing the involvement of internal employees as participants of CSR activities.
2. Creating Shared Value
The needs directed to CSR activities into the Company's primary business by maximizing its potencies to the Company's profit or cost reduction.
3. Pertamina Sehati
Pertamina Sehati is an iconic health program for mothers and children with the purpose of reducing mother and child mortality who reside in remote areas with a lack of proper facilities for mothers and children.



Management Structure



Target and Realization of Funds

In 2017, Pertamina allocated Rp172.96 billion out of a total of Rp180.46 billion designated as its CSR funds, allocation details are as follows:

Allocation Category	CBAP 2017	Realization	(%)
Education	41,170,872,257	20,402,263,681	1%
Health	15,226,040,299	9,057,949,336	7%
Environment	27,976,749,650	16,475,911,499	19%
Empowerment	54,091,181,710	44,816,002,698	16%
Special Assistance	-	82,205,342,754	-
Total	180,464,843,958	172,957,469,968	96%

PARTNERSHIP PROGRAM

The Partnership Program is focused on community empowerment and economical improvement by providing partnership loans to be used as working capital and investment as well as providing development assistance including training, business management, etc. The objective of this program is to enhance the competencies of Small Medium Enterprises (SME) so as to become a strong and independent business while providing multiple positive impacts for community's welfare, particularly in the areas surrounding Pertamina's operations.

Through this Partnership Program, Pertamina demonstrates its ongoing commitment to take an important role as a business entity in supporting the government's efforts of developing the welfare of various communities through the development and empowerment of the potency of communities. The Partnership Program consists of eight sectors, which are Industry, Trade, Agriculture, Animal Husbandry, Farm, Fisheries, Services, and other sectors. Pertamina provides partnership loans to individuals and development assistance to Fostered Partners, which has now currently assisted 2,923 units.

In 2017, the total funds allocated for the Partnership Program achieved Rp131.52 billion. The source of the funds comes from the allowance of net profit to a maximum of 4%; cash balance of the 2016 Partnership Program; loan administration fee/profit/sharing profit; depository interest; and/or current account fees of the Partnership Program; as well as delegation of Partnership Program funds from other SOEs.

Partnership Program	2017 (IDR)	2016 (IDR)
Industry Sector	7,217,500,000	8,939,000,000
Trade Sector	18,363,000,000	15,034,500,000
Agriculture Sector	32,824,009,497	28,320,662,260
Animal Husbandry Sector	6,950,000,000	3,447,500,000
Farming Sector	55,349,979,450	125,434,422,960
Fisheries Sector	5,935,000,000	2,079,500,000
Services Sector	4,875,500,000	3,520,000,000
Other Sectors	10,000,000	940,000,000
Sub Total	131,524,988,947	187,715,585,220
Grants	-	8,839,090,057
Total	131,524,988,947	187,715,585,220

CORPORATE SOCIAL RESPONSIBILITY

COMMUNITY DEVELOPMENT PROGRAM

The Community Development Program is implemented by providing aid for the communities in the surrounding area of operations of Pertamina. The program consists of seven various forms of aid, which are: Disaster Relief, Education and Training, Public Health, Public Facilities, Religious Facilities, Nature Conservation, and Social Poverty Eradication.

In 2017, the total funds allocated for the Community Development Program achieved Rp342.54 billion. The source of funding for this program is allocated from the funds coming from the allowance of net profit at a maximum of 4%; cash balance of 2016 for the Partnership Program; loan administration fee/profit/sharing profit; depository interest; and/or current account fees of the Partnership Program; as well as delegation of the Partnership Program funds from other SOE's.

Community Development Program	2017 (IDR)	2016 (IDR)
Disaster Relief	2,419,726,158	1,830,932,772
Education and/or training	93,776,101,391	81,651,695,686
Health Improvement	25,678,338,102	12,661,773,830
Public Facilities Improvement	654,309,592	56,503,244,995
Religious Facilities	52,085,871,590	27,449,480,608
Nature Conservation	3,834,223,500	4,182,109,688
SOEs Care	-	-
Labor Transportation	-	-
Community Social Poverty Eradication	43,467,564,850	22,663,100,476
Sub total	327,916,135,183	206,942,338,055
Funding/Grant	14,618,563,142	-
Total	342,535,384,390	206,942,338,055

CORPORATE SOCIAL RESPONSIBILITY FOR THE ENVIRONMENT

ESTABLISHED POLICY

Pertamina has an established policy regarding the implementation of CSR for the Environment, which is focused on efforts to preserve the environment for the benefit of future generations. CSR for environment has designed through both identification and direct interaction processes addressing the long-term nature of conservation needs. Pertamina is also deeply concerned regarding the internal aspects with regards specifically to implementing a healthy work environment by determining policies and initiatives based on the environmental considerations.

Pertamina believes that a great business is also a sustainable business. In order to achieve this sustainability, Pertamina tries to balance economy, social, and environmental aspects in carrying out its business. Through its business and products, Pertamina aims to develop a better future for people; its employees; business partners of Pertamina; consumers; and future generations, with a quality of life that is dependent on Pertamina's current environmental management.

TARGET AND PLAN

Pertamina has achieved its performance targets, integrated and planned environmental management practices in order to enable Pertamina to build a better future for its stakeholders by establishing a Sustainable Improvement Implementation for Better Quality of Environment Policy. Management policy manages the scope of climate change prevention, management of hazardous and toxic waste (B3), and utilization of clean water. In 2017, the target for the CSR environmental funds was Rp27 billion.

ACTIVITIES PERFORMED AND ITS IMPACT

Pertamina realizes that global climate change is the responsibility of all parties; therefore, Pertamina is seeking to participate through contributing to the prevention of climate change through greenhouse gas emission controls. This starts with an inventory of emission sources, calculation and reporting the greenhouse gas emissions on a regular basis, the adoption of more environmentally friendly operational technology, efforts to conserve energy and natural resources, development of new and renewable energy, as well as support regarding the implementation of the Clean Development Mechanism. In addition to that, Pertamina supports clean air management by measuring and monitoring emissions and ambience regularly. As an oil and gas company, Pertamina has participated in implementing energy management, which is the reduction of energy consumption throughout all operational activities and supporting the use of technology and equipment that lowers energy consumption and optimizes energy efficiency.



In order to preserve the environment, Pertamina is continuing in its efforts to reduce B3 and non-B3 waste resulting from its activities. This work is conducted by reducing waste at the source level, followed by recycle or reuse it if possible in an effort to reduce any adverse environmental impacts. Any remaining waste further to be disposed of will be managed and treated in accordance to the existing environmental disposal regulations. To maintain the quality of water resources in the environment around the Company's operations, we evaluate the impact of operations on the quality of the surrounding water. The entire system of wastewater should meet the quality standards that have been set out.

Pertamina is continuing in its efforts to integrate biodiversity conservation considerations into every decision regarding environmental and social aspects. Pertamina continues to maintain biodiversity by minimizing any adverse impacts coming from operations, especially in sensitive areas; prevention, minimization and mitigation of risks to biodiversity throughout the business cycle of the Company, responsibility for land use, planning and modification of designs, construction and operating practices in order to protect certain species of flora and fauna as well as sensitive habitats in the surrounding area of Pertamina's operations.

Pertamina highly values the importance of being a part of the larger community where people and companies reside side by side in a spirit of corporation and mutual benefit. Pertamina aims to encourage a harmonic relationship between the Company and the surrounding community in such a way that the community may benefit from the presence of Pertamina. Hence, Pertamina continues to promote development programs and local community development in accordance to their capacity.

In the field of Environment, Pertamina implements programs and activities under the theme "Pertamina Friend of the Earth", in accordance to the PROPER regulations set out by the Ministry of Environment and Forestry. A few of the CSR activities undertaken in the field of the Environment are as follows:

- Kamojang Eagle Information and Conservation Center
- Bekantan (rare animals) Conservation
- Tuntong Laut Aceh Tamiang Conservation
- Owa Jawa Subang Preservation
- Rusa Jawa Bojonegoro Preservation
- Garden for Butterflies Development in Lampung
- Mangrove Conservation in Tambun
- Bondol Eagle Conservation on Thousand Island
- Turtle Conservation in Tasikmalaya and West Sumatera
- Maleo Conservation in Donggala
- Yaki (Simpanse) Conservation in Bitung Sulawesi
- Coral reef planting in Teluk Kabung (Collaboration of artificial reefs and coral transplantation)

ENVIRONMENTAL CONCERNS COMPLAINTS MECHANISM

Any concerns regarding environmental issues are submitted to the Company through the Contact Center. All of the Company's stakeholders have the privilege of submitting their concerns. The Contact Center will follow up any concerns that have been recorded so that any issues can be monitored and followed up by the related functions in order to address the concerns.

ENVIRONMENTAL CERTIFICATION

The Environmental Program implemented by Pertamina is strengthened through certification and audits regarding all environmental aspects so as to ensure all programs will achieve their targets and they will obtain the optimal results. Various certifications received are:

1. ISO 14001 Environmental Management System
2. ISO 50001 Energy Management System
3. Certification of Air Pollution Control Manager
4. Certification of Water Pollution Control Manager
5. Certification of Waste Management (B3)
6. Energy Audit

PROPER

As a national company with its primary objective to be recognized as a company on a worldwide scale, Pertamina is strongly encouraging each of its operations to achieve the criteria rating of beyond compliance or Gold and Green PROPER. Accordingly, all operational units must implement the Environmental Management System, Emission Reduction System, Water Conservation System, Energy Efficiency, 3R Waste Program, B3 Waste Utilization, Biodiversity Protection, and Community Development.

In 2017, Pertamina acquired a satisfactory accomplishment based on the performance achievement of PROPER from the Ministry of Environment and Forestry. Pertamina obtained 11 out of 19 PROPER gold awards, which is equal to 58% of the national PROPER gold recipients. Numbers of the PROPER gold recipients increased in 2017 as compared to the 7 recipients in the previous year. Additionally, Pertamina also received 71 Green PROPER, and 81 Blue PROPER awards. In 2017, the PROPER achievement KPI is in line with the Green PROPER as a target of achievement for the relevant operational units. PROPER is also treated as performance review with regards to the compliance level for clean production and the measurement of Corporate Social and Environmental Responsibility's.

COST REALIZATION

In 2017, the cost realization of Pertamina's CSR management and activities in the field of the Environment was Rp27 billion.

CORPORATE SOCIAL RESPONSIBILITY IN EMPLOYMENT AND OCCUPATIONAL HEALTH AND SAFETY

ESTABLISHED POLICY

In the field of Employment, Pertamina has set out 8 Human Capital Development Priorities through its Human Resources Unit (HRD) in order to support the Company's strategic achievements. The priorities set out consist of the HRD strategic program, recruitment process improvement, competency-based model for leadership improvement, cross pollination, leadership optimization, management succession, HRD process automation, and the reinforcement for a culture of superior performance.

Regarding the Health, Safety, and Environment (HSE) aspect, Pertamina has set out valid practices in accordance with the prevailing safety regulations in order to minimize the possibility of any accidents and health risks to its employees. Pertamina has placed the employee's safeguards and health as a top priority through conducting necessary mitigation of adverse impacts to employees and business activities.

TARGET AND PLAN

Targets and plans regarding Employment Practices in Pertamina are implemented through the establishment of workforce planning by organizing several matters as follows:

- Business Objectives
Conducting an interview process between FGD and business unit representatives in order to arrive at an understanding regarding the work assignment taking into consideration the business demands, target of achievement, work location demography, and any other matters related to business objectives in the establishment workforce planning.
- Other related prevailing regulations, regarding both Indonesian Labor Law and Collective Labor Law.
- Data benchmarking and evaluation of the current work scheme.
- Identification process of business requirements with regards to the business objectives, applicable regulations, and work scheme, will produce the required employment schemes and determination of work scheme.
- Predication of the requirements for employment, manage the work scheme setting out the number and competencies needed.

In addition, Pertamina set out the target and plan for its activities in field of K3LL from the beginning of 2017 as follows:

- Prioritize the allocation of CSR funds into the area of PROPER, with Gold PROPER 2017 as the target and the Green PROPER area.



- Target the level of Gold PROPER in the area of Special Assistance.
- Implement the principles of HSE Excellence within the Company's activities, which includes leadership, integration, data management, alignment, and corporate citizenship.
- Measurement of the baseline Safety culture, level of maturity for employees and work partners.
- Incorporate life saving regulations for employees and working partners.
- Demonstration room for employees and work partners.
- Training and certification that is conducted in cooperation with PCU, which is: HSE School Training, Training and Certification related to Environmental, Training of GSI/SI/AT Techniques.
- Assessment of the ISRS Protocol-based HSE Management System
- SMP Audit
- HSE Patra Adikriya Bhumi Award for all operation units and subsidiaries.

ACTIVITIES PERFORMED AND ITS IMPACT

Employment Practices

Activities performed by Pertamina regarding Employment Practices throughout 2017 were conducted by implementing a policy that provides freedom to the employee to join a labor union, uphold opportunities and gender equality, provide sufficient remuneration for its employees, and an organizing claims mechanism related to employment.

Gender Equality and Equal Work Opportunity

Pertamina guarantees Equal Rights and Opportunities to all employees in terms of competency development and the paths of career development. Policies regarding the development of employee competency and career path design based on professional evaluations and judgment without regard to Race, Creed, Color, Religion, Sex, Ethnicity, Ancestry, Age, Marital Status, Veteran Status, Disability, Medical Condition, Sexual Orientation or Gender Identity. This commitment is one of the manifestations of Pertamina's appreciation for our Universal Human Rights.

Employee Turnover Rate

In 2017, Pertamina recorded a turnover rate of 23 employees, while in 2016 the number was 51 employees. The turnover rate in 2017 is detailed below:

Description	Unit	2017		2016		2015	
		Male	Female	Male	Female	Male	Female
< 30 years	People	4	5	11	11	6	14
30 – 50 years	People	2	12	16	8	17	5
> 50 years	People			5	-	8	1
Average	People	6	17	32	19	31	20

Employment Issues and Complaints Mechanism

Each of Pertamina's employees possesses the right to submit complaints, record of dissatisfaction, or objections experienced by the employees in relation to job assignment or any other issues related to their employment. Employment Issues and Complaints can be submitted through the appointed function as assigned by the Company. Each and every complaint will be investigated and followed up by the related function so that any and all issues will be handled effectively and accurately.

Occupational Health and Safety

As a company engaged in the oil and gas industry, the health and safety of workers is one of the main priorities of the Company. Pertamina is highly committed to running the Company's entire operation in strict accordance to the prevailing principles of Health, Safety, and Environment. In 2017, Pertamina primarily focused on the implementation of HSE Excellence's principles across 5 areas of the Company's activities as follows:

- Leadership – the empowerment of the Company's stakeholders' in order to lead the implementation of HSE.
- Integration – incorporating HSE into every aspect of the business process.
- Data Management – using the primary performance measurement system in monitoring HSE.
- Alignment – connecting HSE targets with Company's targets
- Corporate Citizenship – promoting safety and environmental initiatives outside of office hours.

Pertamina has been able to constantly improve its HSE performance over time, which is reflected in the lower number of days in lost time resulting from injury or work accidents per one million employee working hours (LTIFR/Loss Time Injury Frequency Rate). Furthermore, in 2017, the Company was also able to lower its number of fatalities to 4 down from 10 in 2016.

Description	2017	2016	2015
Fatality Cases	4	10	9
Severity Day Work	13	27	24
Restricted Work	6	4	5
Medical Treatment	39	39	36
Total number of cases	62	80	74

Declines in the number of accidents also can be seen in the accident frequency rate, which is calculated based on recorded incident cases per one million working hours.

Description	2017	2016	2015
Incident Frequency Rate (TRIR) (recorded incident cases per 1 million hours worked)	0.15	0.20	0.23

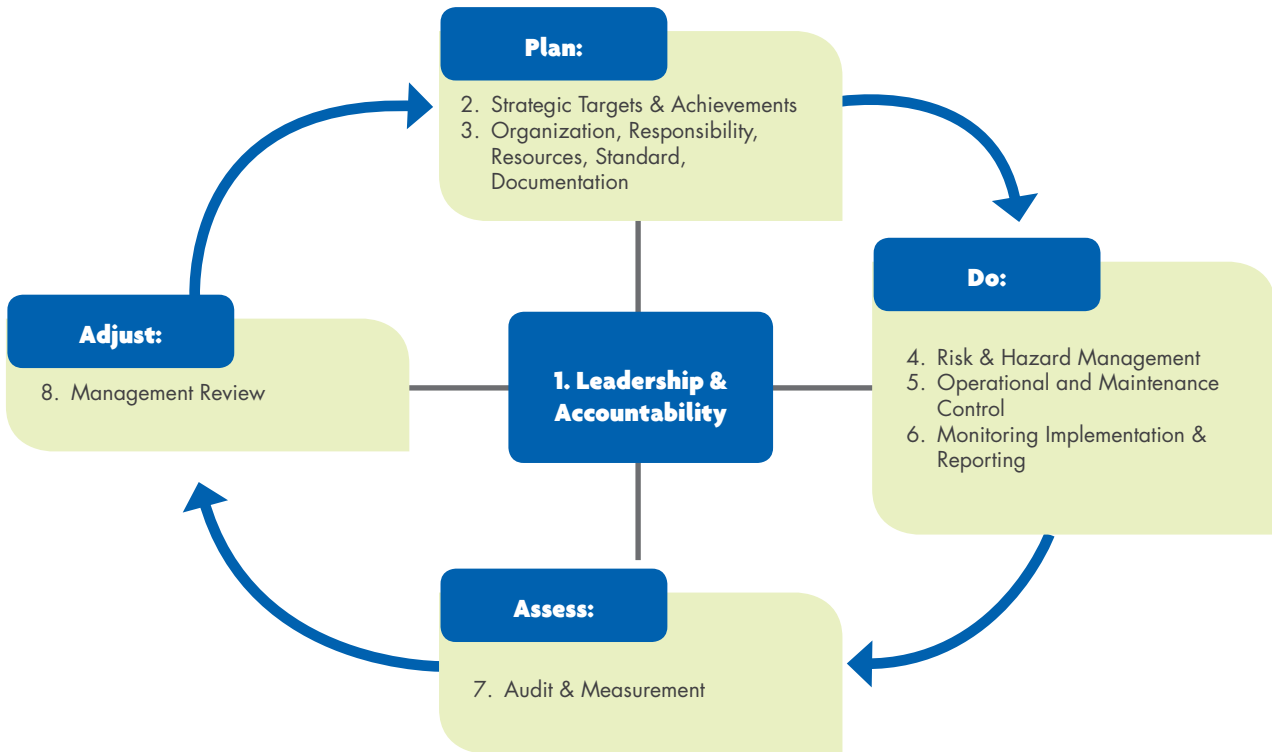
To lower the number of work accidents, Pertamina has been consistent in applying the HSE management system, which consists of one cycle with eight elements. In its implementation, Pertamina has focused on several management systems, including: Contractor Safety Management System (CSMS), Work Permit System, Major Hazard Control, Compliance Assurance, and Emergency Preparedness. HSE performance is also incorporated into the Key Performance Indicator, which will have an impact on the employee's incentive at the end of the year. For each case involving a major incident occurring, a cut in the KPI amounting to 1% is applied to all workers in Pertamina.

Other strategies in preventing the occurrence of work related accidents, Pertamina has also conducted HSE certification in 2017, particularly for the Emergency Response Team Members, Emergency Response Team Leader, Oil Spill Response - IMO Level 1, Oil Spill Response - IMO Level 2, Oil Spill Response - IMO Level 3, T-BOSIET/HUET, Basic Sea Survival, Life Boat Coxswain, Fast Rescue Boat, Basic Fire Fighting, Advance Fire Fighting, Confined Space Entry, Gas Tester, and Port Facility & Security Officer Training.

Pertamina was also awarded the Patra Adikriya Bhumi award to its working area. This award is given as an appreciation of the Health, Safety, and Environment (HSE) aspect provided based on the efforts in the implementation of the HSE Management System, as well as the achievements of 2017. There were 46 operational units and subsidiaries of Pertamina who participated in the HSE Patra Adikriya Bhumi awards, in which each of them have permanent operational areas/locations and are lead by a General Manager or equivalent position in Pertamina.

Winner of the Patra Adikriya Bhumi award in 2017:

Award Level	UO/AP Award Recipient
Patra Adikriya Bhumi UTAMA	4 Operational Units/AP: 1). PT Pertamina Hulu Energy Offshore North West Java – Upstream Directorate 2). PT Pertamina Hulu Energy West Madura Offshore - Upstream Directorate 3). JOB Pertamina-Talisman Jambi Merang - Upstream Directorate 4). Marketing Operation Region IV – Marketing Directorate
Patra Adikriya Bhumi MADYA	4 Operational Units/AP: 1). Refinery Unit III Plaju – Processing Directorate 2). Refinery Unit IV Cilacap - Processing Directorate 3). PT Pertamina Geothermal Energy Area Kamojang - Upstream Directorate 4). Marketing Operation Region I – Marketing Directorate
Patra Adikriya Bhumi PRATAMA	1 Operational Unit/AP: 1). PT Pertamina Geothermal Energy Area Ulubelu - Upstream Directorate



Training Cost Realization

Training employees in order to enhance their HSE performance is conducted in HSE Training Center Sungai Gerong Plaju. HSE Training includes the Mandatory HSE Training Program and Regular HSE Training. For 2017 Pertamina has invested in training to the amount of Rp32.9 billion while the cost for the previous year was Rp32.3 billion.

CORPORATE SOCIAL RESPONSIBILITY IN SOCIAL AND COMMUNITY DEVELOPMENT

ESTABLISHED POLICY

Pertamina has set out policy regarding the implementation of CSR activities and programs in the field of Social and Community Development in accordance to 26000. All planned and implemented programs aim to achieve the following:

- Address any negative impacts resulting from the Company's operations through the compliance of regulations and by creating new value so as to better serve both the Community and the Environment.
- Provide Social benefits, in the form of both Economic and Environmental to the community, especially surrounding the area of operations.
- Increase the Company's reputation, efficiency, business growth, and the implementation of business risk mitigation.

TARGET AND PLAN

Planned CSR activities related to Social and Community Development in 2017 were reflected in the Community Empowerment Activities Program for Economic Empowerment with 13 Sustainable Development Goal achievement indicators to take into consideration:

- 1) Minimize poverty.
- 2) Alleviating hunger, achieving food security and improving nutrition, as well as promoting sustainable agriculture.
- 3) Ensuring a healthy life style and promoting over all well-being for people of all ages.
- 4) Ensuring the quality of inclusive and equal education as well as promoting lifelong learning opportunities for everyone.
- 5) Achieving gender equality and empowering women and girls.
- 6) Ensure the availability and management of sustainable water and sanitation for all.
- 7) Ensuring access to resources that are affordable, sustainable and modern for all.
- 8) Promoting sustainable and inclusive growth, sustainable economy, employment, and decent work for all.
- 9) Building infrastructure, promoting inclusivity and sustained industrialization, and encouraging innovation.
- 10) Reducing inequalities within and between countries.
- 11) Making cities and human residencies more inclusive, secure, resilient and sustainable.
- 12) Ensuring patterns of sustainable consumption and production.
- 13) Taking urgent action to face climate change and its impact.



Pertamina is committed to continue to improve its CSR activities and funds in line with the Company's performance and growth.

PERFORMED ACTIVITIES AND ITS IMPACT

Pertamina has implemented its social activities through the organizing of the Community Empowerment Program called "Realizing Community Independence based on Whole Human Development towards Community Welfare". CSR activities in the field of Social and Community Development and reflected in the Desa Binaan Pertamina (Pertamina Mentored Village) Program, which includes:

1. Seaweed - Fishing groups in Pulo Raya and Ulee Paya began to cultivate seaweed and the seeds imported from Lombok. Since the first harvest, renovation and expansion can be self-sustained, with prime yields in the area of 2 HA amounting to 6 tons of wet seaweed.

2. Anchovy Processing - This activity aims to help people of Pulo Aceh and Sentosa who have traditionally relied on the sun's heat. If the sun does not shine for a few days, then the anchovy fillets will simply rot away, and have to be thrown into the sea or buried.
3. Keramba Cage Fishing - Seeds of wild lobster is very easy to get in the Calang Aceh Jaya waters, while noting that the selling price of lobster is very high on the international market. Therefore, karamba is very helpful in helping raise the incomes of the Pantan Makmur fishermen
4. Soka Crab Aquaculture - The demand for soft-shelled crab or soft crab is very high both domestically and abroad. To meet the market demand, the fishermen's group in Banda Aceh Lamjabat Meuraxa performs soft-shelled crab aquaculture accompanied by the Marine and Fisheries Agency of Aceh Province.

The Community Development Program of PT Pertamina (Persero) is carried out in cooperation with local governments through the relevant agencies, military/police, as well as with academics in local universities or institutions that are not directly related to the college. The Mentored-Village of Pertamina implements and actualizes the CSR area beneficiary model in an integrated manner also in the fields of Education, Health, Environmental Conservation, as well as Infrastructure Development and the Economic Empowerment of the people, thus creating ongoing social-economic life independency.

COST INCURRED

The fund for Pertamina's Social and Community activities in 2017 amounted to Rp172.95 billion. In addition, Pertamina also channelled funds in the amount of Rp131.52 billion for the Partnership Program.

CORPORATE SOCIAL RESPONSIBILITY FOR CONSUMER AND CUSTOMER

ESTABLISHED POLICY

As the leading Oil and Gas Company in Indonesia, Pertamina bears the responsibility of always providing high quality products and services as well as being safe for consumers in accordance to Law No. 8 of 1999 regarding Consumer Protection.

TARGET AND PLAN

In 2017, Pertamina set a target of 3.9 on the Customer Satisfaction Index as stipulated in the working plan so as to ensure improvement in the level of customer satisfaction.

Pertamina continues striving to ensure convenience and comfort for its customers by providing more digital-based services. A few of the digital services that have been developed by Pertamina include: Go-Pay Payment, MyPertamina, and other applications.

ACTIVITIES PERFORMED

Go-pay

Pertamina cooperates with Gojek in providing a digital-based solution for services in SPBU Pertamina for BBM Go-Pay using a QR Code. These activities are also supporting the Government in encouraging a National Cashless Program/Gerakan Nasional Non Tunai (GNNT).

MyPertamina

MyPertamina is a loyalty program designed to be an appreciation from the Company to its loyal customers by providing points on particular transactions. In addition to this, the MyPertamina corporate loyalty and cashless program become integrated into one card.

Market testing for the MyPertamina Loyalty Program was conducted at Gaikindo Indonesia International Auto Show (GIIAS) event from the 10th-20th August 2017 throughout 10 SPBU COCO and the Soft Launching of the MyPertamina Loyalty Program at the Pertamina Family Gathering event on the 10th December 2017, being organized across 60 SPBU COCO in Jabodetabek, West Java, and Banten. This application is available on both the IOS and Android systems.

In the industry sector, the customer has the ability to access and monitor the purchase system and products through the website, while in Petrochemical Trading, consumers are able to order petrochemical products through a Host to Host Program.



Product Information and Responsibility

Product safety is one of top priorities for Pertamina because of the possibility of fatalities that could occur resulting from the misuse of products. Pertamina has equipped all retail product packages, including lubricants, with usage information and safety instructions.

Pertamina strives to maintain its standard of product safety at the highest level, this cannot be separated from efforts in the prevention of product counterfeiting in the market. Therefore, Pertamina utilizes production technologies by using batch numbers with a laser marker on the lid and bottle neck of the packaging, or the use of a security cap in order to prevent the reuse of any lubricant bottle.

Complaints and Consumer Protection Facility

To make a complaint against the products used, Pertamina has provided a phone service called Contact Pertamina at 1500-000 for individual customers this number can be contacted 24 hours a day. This service will provide an initial solution (first contact resolution) or FCR by a Pertamina Contact Officer who has been equipped with sufficient knowledge regarding the products and business of Pertamina. Should the reported concerns not be able to be resolved at this stage, the question will then be delegated to the respective business unit so as to be followed up. Mechanisms, implementation of targets and the flow of information from Contact Pertamina are set out in the Service Level Agreement between Contact Pertamina and Pertamina's business units. In addition, Pertamina also implements a Quick Response system regarding certain cases in order to provide a faster response for customers, with a predetermined workflow/SOP. In general, the performance of the Contact Pertamina service appraisal in the last 3 years is positive with an overall customer satisfaction rate at the top of the set target.

After being accepted by the Contact Center, customer Complaints related to retail or the lubricants petroleum business are forwarded to the Sales Region (SR) where the complaint has occurred. The SR unit will then directly approach the consumers concerned so as to clarify the complaint and provide the optimal solution. Incoming data regarding complaints will be analyzed to establish the cause of the problem as well as providing input for continuous improvement.

Complaints related to Corporate Customers of the business unit in the Marine Industry, Aviation, as well as lubricants, can submit a complaint directly to sales or the key account manager who directly handles the customer concerned. Pertamina will then proceed with buying, clarifying, and finding solutions to deal with these complaints. Complaints received will be used as an evaluation tool for Pertamina for the improvement of service quality on an ongoing basis and so as to enhance customer satisfaction and loyalty.

Number of Consumer Complaints Handled

Inbound interaction data was as much as 96,379 inputs recorded via voice, email, SMS, "LAPOR", Facebook and "QLUE". From this data, there were 1,756 data of complaints to be passed on to the PIC in operational or the subsidiaries. From the total data, the number of customer countermeasures and settlement of complaints was 1,296 (73.80%), while the number of pending complaints was 460 (26.22%). However if calculated with the inbound interaction data, it only achieves 1.82%.

CORPORATE SOCIAL RESPONSIBILITY

Customer Satisfaction

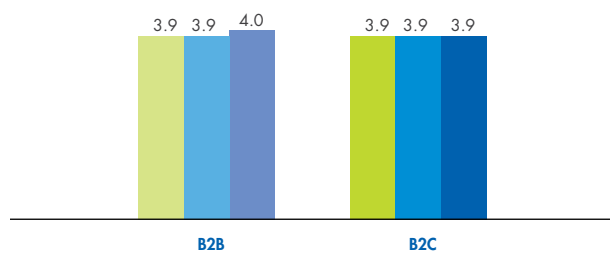
Pertamina measures the level of customer satisfaction for both B2C (Business to Customer) and B2B (Business to Business) transactions, these measurements are conducted for all business lines in the Marketing Directorate.

The development of digital-based services has successfully improved the customer satisfaction of B2B from level 3.9 in 2016 upto 4.0 in 2017 and has managed the customer maintained at the level of 3.9.

Chart of Customer Satisfaction Index of B2B and B2C of 2015-2017

Years	B2C	B2B
2015	3.9	3.9
2016	3.9	3.9
2017	3.9	4.0

Chart of Customer Satisfaction Index of B2B and B2C of 2015-2017



REALIZATION COST AND IMPACT

Realization cost for the Pertamina program regarding Corporate Social Responsibility for the consumer and customer amounts to Rp14.69 billion.

FINANCIAL STATEMENTS

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PT PERTAMINA (PERSERO)
dan entitas anaknya/*and its subsidiaries*

Laporan keuangan konsolidasian tanggal 31 Desember 2017
dan untuk tahun yang berakhir pada tanggal tersebut/
Consolidated financial statements as of December 31, 2017
and for the year then ended

**SURAT PERNYATAAN DIREKSI TENTANG
TANGGUNG JAWAB ATAS LAPORAN KEUANGAN
KONSOLIDASIAN
UNTUK TANGGAL 31 DESEMBER 2017 DAN 2016
SERTA UNTUK TAHUN YANG BERAKHIR PADA
TANGGAL-TANGGAL 31 DESEMBER 2017 DAN 2016**

**DIRECTORS' STATEMENT REGARDING
THE RESPONSIBILITY FOR THE
CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2017 AND 2016
AND FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016**

PT PERTAMINA (PERSERO) DAN ENTITAS ANAKNYA/AND ITS SUBSIDIARIES

Atas nama Direksi, kami yang bertanda tangan di bawah ini:

On behalf of the Board of Directors, we, the undersigned:

1. Nama : Elia Massa Manik
Alamat Kantor : Jl. Medan Merdeka Timur 1A
Jakarta 10110
Telepon : 021 - 3815000
Jabatan : Direktur Utama

1. Name : Elia Massa Manik
Office Address : Jl. Medan Merdeka Timur 1A
Jakarta 10110
Telephone : 021 - 3815000
Position : President Director

2. Nama : Arief Budiman
Alamat Kantor : Jl. Medan Merdeka Timur 1A
Jakarta 10110
Telepon : 021 - 3815400
Jabatan : Direktur Keuangan

2. Name : Arief Budiman
Office Address : Jl. Medan Merdeka Timur 1A
Jakarta 10110
Telephone : 021 - 3815400
Position : Finance Director

menyatakan bahwa:

declare that:

1. Kami bertanggung jawab atas penyusunan dan penyajian laporan keuangan konsolidasian PT Pertamina (Persero) dan entitas anaknya (Grup);
2. Laporan keuangan konsolidasian Grup telah disusun dan disajikan sesuai dengan Standar Akuntansi Keuangan di Indonesia;
3. a. Semua informasi dalam laporan keuangan konsolidasian Grup telah dimuat secara lengkap dan benar;
b. Laporan keuangan konsolidasian Grup tidak mengandung informasi atau fakta material yang tidak benar dan tidak menghilangkan informasi atau fakta material; dan
4. Kami bertanggung jawab atas sistem pengendalian internal Grup.

1. We are responsible for the preparation and presentation of the consolidated financial statements of PT Pertamina (Persero) and its subsidiaries (the Group);
2. The Group's consolidated financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards;
3. a. All information has been fully and correctly disclosed in the Group's consolidated financial statements;
b. The Group's consolidated financial statements do not contain false material information or facts, nor do they omit material information or facts; and
4. We are responsible for the Group's internal control systems.

Demikian pernyataan ini dibuat dengan sebenarnya.

This statement is confirmed to the best of our knowledge and belief.

Jakarta, 13 Februari/February 2018

Atas nama dan mewakili Direksi

For and on behalf of the Board of Directors

Elia Massa Manik
Direktur Utama/
President Director



Arief Budiman
Direktur Keuangan/
Finance Director

The original report included herein is in the Indonesian language.

Laporan Auditor Independen

Laporan No. RPC-5677/PSS/2018

**Pemegang Saham, Dewan Komisaris, dan Direksi
PT Pertamina (Persero)**

Kami telah mengaudit laporan keuangan konsolidasian PT Pertamina (Persero) dan entitas anaknya terlampir, yang terdiri dari laporan posisi keuangan konsolidasian tanggal 31 Desember 2017, serta laporan laba rugi dan penghasilan komprehensif lain, laporan perubahan ekuitas, dan laporan arus kas konsolidasian untuk tahun yang berakhir pada tanggal tersebut, dan suatu ikhtisar kebijakan akuntansi signifikan dan informasi penjelasan lainnya.

Tanggung jawab manajemen atas laporan keuangan

Manajemen bertanggung jawab atas penyusunan dan penyajian wajar laporan keuangan konsolidasian tersebut sesuai dengan Standar Akuntansi Keuangan di Indonesia, dan atas pengendalian internal yang dianggap perlu oleh manajemen untuk memungkinkan penyusunan laporan keuangan konsolidasian yang bebas dari kesalahan penyajian material, baik yang disebabkan oleh kecurangan maupun kesalahan.

Tanggung jawab auditor

Tanggung jawab kami adalah untuk menyatakan suatu opini atas laporan keuangan konsolidasian tersebut berdasarkan audit kami. Kami melaksanakan audit kami berdasarkan Standar Audit yang ditetapkan oleh Institut Akuntan Publik Indonesia. Standar tersebut mengharuskan kami untuk mematuhi ketentuan etika serta merencanakan dan melaksanakan audit untuk memperoleh keyakinan memadai tentang apakah laporan keuangan konsolidasian tersebut bebas dari kesalahan penyajian material.

Independent Auditors' Report

Report No. RPC-5677/PSS/2018

*The Shareholder, the Board of Commissioners and the Board of Directors
PT Pertamina (Persero)*

We have audited the accompanying consolidated financial statements of PT Pertamina (Persero) and its subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2017, and the consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of such consolidated financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on such consolidated financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such consolidated financial statements are free from material misstatement.

Laporan Auditor Independen (lanjutan)

Independent Auditors' Report (continued)

Laporan No. RPC-5677/PSS/2018 (lanjutan)

Report No. RPC-5677/PSS/2018 (continued)

Tanggung jawab auditor (lanjutan)

Auditors' responsibility (continued)

Suatu audit melibatkan pelaksanaan prosedur untuk memperoleh bukti audit tentang angka-angka dan pengungkapan dalam laporan keuangan. Prosedur yang dipilih bergantung pada pertimbangan auditor, termasuk penilaian atas risiko kesalahan penyajian material dalam laporan keuangan, baik yang disebabkan oleh kecurangan maupun kesalahan. Dalam melakukan penilaian risiko tersebut, auditor mempertimbangkan pengendalian internal yang relevan dengan penyusunan dan penyajian wajar laporan keuangan entitas untuk merancang prosedur audit yang tepat sesuai dengan kondisinya, tetapi bukan untuk tujuan menyatakan opini atas keefektifitasan pengendalian internal entitas. Suatu audit juga mencakup pengevaluasian atas ketepatan kebijakan akuntansi yang digunakan dan kewajaran estimasi akuntansi yang dibuat oleh manajemen, serta pengevaluasian atas penyajian laporan keuangan secara keseluruhan.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Kami yakin bahwa bukti audit yang telah kami peroleh adalah cukup dan tepat untuk menyediakan suatu basis bagi opini audit kami.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opini

Opinion

Menurut opini kami, laporan keuangan konsolidasian terlampir menyajikan secara wajar, dalam semua hal yang material, posisi keuangan konsolidasian PT Pertamina (Persero) dan entitas anaknya tanggal 31 Desember 2017, serta kinerja keuangan dan arus kas konsolidasiannya untuk tahun yang berakhir pada tanggal tersebut, sesuai dengan Standar Akuntansi Keuangan di Indonesia.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of PT Pertamina (Persero) and its subsidiaries as of December 31, 2017, and their consolidated financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Hal lain

Other matter

Audit kami atas laporan keuangan konsolidasian PT Pertamina (Persero) dan entitas anaknya tanggal 31 Desember 2017 dan untuk tahun yang berakhir pada tanggal tersebut terlampir, dilaksanakan dengan tujuan untuk merumuskan suatu opini atas laporan keuangan konsolidasian tersebut secara keseluruhan.

Our audit of the accompanying consolidated financial statements of PT Pertamina (Persero) and its subsidiaries as of December 31, 2017 and for the year then ended was performed for the purpose of forming an opinion on such consolidated financial statements taken as a whole.

The original report included herein is in the Indonesian language.

Laporan Auditor Independen (lanjutan)

Independent Auditors' Report (continued)

Laporan No. RPC-5677/PSS/2018 (lanjutan)

Report No. RPC-5677/PSS/2018 (continued)

Hal lain (lanjutan)

Other matter (continued)

Informasi keuangan PT Pertamina (Persero) (entitas induk) terlampir, yang terdiri dari laporan posisi keuangan tanggal 31 Desember 2017, serta laporan laba rugi dan rugi komprehensif lain, laporan perubahan ekuitas, dan laporan arus kas untuk tahun yang berakhir pada tanggal tersebut, dan suatu ikhtisar kebijakan akuntansi signifikan dan informasi penjelasan lainnya (secara kolektif disebut sebagai "Informasi Keuangan Entitas Induk"), yang disajikan sebagai suatu informasi tambahan terhadap laporan keuangan konsolidasian terlampir, disajikan untuk tujuan analisis tambahan dan bukan merupakan bagian dari laporan keuangan konsolidasian terlampir yang diheruskan menurut Standar Akuntansi Keuangan di Indonesia. Informasi Keuangan Entitas Induk merupakan tanggung jawab manajemen serta dihasilkan dari dan berkaitan secara langsung dengan catatan akuntansi dan catatan lainnya yang mendasarinya yang digunakan untuk menyusun laporan keuangan konsolidasian terlampir. Informasi Keuangan Entitas Induk telah menjadi objek prosedur audit yang diterapkan dalam audit atas laporan keuangan konsolidasian terlampir berdasarkan Standar Audit yang ditetapkan oleh Institut Akuntan Publik Indonesia. Menurut opini kami, Informasi Keuangan Entitas Induk disajikan secara wajar, dalam semua hal yang material, berkaitan dengan laporan keuangan konsolidasian terlampir secara keseluruhan.

The accompanying financial information of PT Pertamina (Persero) (parent entity), which comprises the statement of financial position as of December 31, 2017, and the statements of profit or loss and other comprehensive loss, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the "Parent Entity Financial Information"), which is presented as a supplementary information to the accompanying consolidated financial statements, is presented for the purpose of additional analysis and is not a required part of the accompanying consolidated financial statements under Indonesian Financial Accounting Standards. The Parent Entity Financial Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the accompanying consolidated financial statements. The Parent Entity Financial Information has been subjected to the auditing procedures applied in the audits of the accompanying consolidated financial statements in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. In our opinion, the Parent Entity Financial Information is fairly stated, in all material respects, in relation to the accompanying consolidated financial statements taken as a whole.

Purwanto, Sungkoro & Surja



Drs. Hari Purwanto

Registrasi Akuntan Publik No. AP.0684/Public Accountant Registration No. AP.0684

13 Februari 2018/February 13, 2018

**PT PERTAMINA (PERSERO)
DAN ENTITAS ANAKNYA
LAPORAN POSISI KEUANGAN
KONSOLIDASIAN
Tanggal 31 Desember 2017
(Dinyatakan dalam ribuan Dolar Amerika Serikat,
kecuali dinyatakan lain)**

**PT PERTAMINA (PERSERO)
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF
FINANCIAL POSITION
As of December 31, 2017
(Expressed in thousands of US Dollars,
unless otherwise stated)**

	<u>Catatan/ Notes</u>	<u>31 Desember 2017/ December 31, 2017</u>	<u>31 Desember 2016/ December 31, 2016</u>	
ASET				ASSETS
ASET LANCAR				CURRENT ASSETS
Kas dan setara kas	2f,2g,5	5.226.332	5.258.526	Cash and cash equivalents
Kas yang dibatasi penggunaannya	2f,2g,6	89.919	122.697	Restricted cash
Investasi jangka pendek	2g	247.119	116.987	Short-term investments
Piutang usaha				Trade receivables
Pihak berelasi	2e,2g,2i,40a	946.027	1.301.759	Related parties
Pihak ketiga	2h,7	1.385.519	1.231.289	Third parties
Piutang Pemerintah - bagian lancar	2g,2h,8	1.492.625	1.792.457	Due from the Government - current portion
Piutang lain-lain	2g,2i			Other receivables
Pihak berelasi	2e,40b	286.233	235.225	Related parties
Pihak ketiga	2h	430.766	415.704	Third parties
Persediaan	2j,9	5.967.627	4.727.594	Inventories
Pajak dibayar di muka - bagian lancar	2v,39a	794.236	567.339	Prepaid taxes - current portion
Beban dibayar di muka dan uang muka	2k	393.075	428.220	Prepayments and advances
Investasi lainnya	2g,10	<u>27.328</u>	<u>43.190</u>	Other investments
Jumlah Aset Lancar		<u>17.286.806</u>	<u>16.240.987</u>	Total Current Assets
ASET TIDAK LANCAR				NON-CURRENT ASSETS
Aset pajak tangguhan	2v,39f	1.304.196	671.230	Deferred tax assets
Penyertaan jangka panjang	2g,2m,11	2.821.999	3.156.761	Long-term investments
Aset tetap	2n,2o,12	10.728.017	10.322.976	Fixed assets
Aset minyak dan gas serta panas bumi	2o,2p,13	16.359.682	14.636.401	Oil & gas and geothermal properties
Piutang Pemerintah - dikurangi bagian lancar	2g,2h,8	663.114	-	Due from the Government - net of current portion
Pajak dibayar di muka - dikurangi bagian lancar	2v,39a	593.898	1.282.917	Prepaid taxes - net of current portion
Aset tidak lancar lainnya	2g,2x,14	<u>1.455.858</u>	<u>921.934</u>	Other non-current assets
Jumlah Aset Tidak Lancar		<u>33.926.764</u>	<u>30.992.219</u>	Total Non-current Assets
JUMLAH ASET		<u>51.213.570</u>	<u>47.233.206</u>	TOTAL ASSETS

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian integral dari laporan keuangan konsolidasian.

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

**PT PERTAMINA (PERSERO)
DAN ENTITAS ANAKNYA
LAPORAN POSISI KEUANGAN
KONSOLIDASIAN (lanjutan)
Tanggal 31 Desember 2017
(Dinyatakan dalam ribuan Dolar Amerika Serikat,
kecuali dinyatakan lain)**

**PT PERTAMINA (PERSERO)
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF
FINANCIAL POSITION (continued)
As of December 31, 2017
(Expressed in thousands of US Dollars,
unless otherwise stated)**

	Catatan/ <u>Notes</u>	31 Desember 2017/ <u>December 31, 2017</u>	31 Desember 2016/ <u>December 31, 2016</u>	
LIABILITAS DAN EKUITAS				LIABILITIES AND EQUITY
LIABILITAS				LIABILITIES
LIABILITAS JANGKA PENDEK				SHORT-TERM LIABILITIES
Pinjaman jangka pendek	2g,15	452.879	130.293	Short-term loans
Utang usaha	2g,2q			Trade payables
Pihak berelasi	2e,40c	56.013	128.760	Related parties
Pihak ketiga	16	3.828.858	3.201.391	Third parties
Utang Pemerintah - bagian lancar	2g,17	1.027.762	930.308	Due to the Government - current portion
Utang pajak	2v,39b			Taxes payable
Pajak penghasilan		283.985	445.052	Income taxes
Pajak lain-lain		241.874	237.999	Other taxes
Beban akrual	2g,18	1.987.659	1.543.358	Accrued expenses
Liabilitas jangka panjang - bagian lancar	2g,2o,19	365.959	573.450	Long-term liabilities - current portion
Utang lain-lain	2g,2q			Other payables
Pihak berelasi	2e,40d	74.228	49.270	Related parties
Pihak ketiga		836.934	689.776	Third parties
Pendapatan tangguhan - bagian lancar		260.838	177.499	Deferred revenues - current portion
Jumlah Liabilitas Jangka Pendek		<u>9.416.989</u>	<u>8.107.156</u>	Total Short-term Liabilities
LIABILITAS JANGKA PANJANG				LONG-TERM LIABILITIES
Utang Pemerintah - dikurangi bagian lancar	2g,17	391.577	332.189	Due to the Government - net of current portion
Liabilitas pajak tangguhan	2v,39e	2.724.624	2.443.871	Deferred tax liabilities
Liabilitas jangka panjang - dikurangi bagian lancar	2g,2o,19	2.085.084	1.820.977	Long-term liabilities - net of current portion
Utang obligasi	2g,20	8.498.447	8.492.312	Bonds payable
Liabilitas imbalan kerja karyawan	2t,21b	2.099.487	1.963.749	Employee benefit liabilities
Provisi pembongkaran dan restorasi	2r,22	2.040.097	1.824.155	Provision for decommissioning and site restoration
Pendapatan tangguhan - dikurangi bagian lancar		51.621	120.155	Deferred revenues - net of current portion
Utang jangka panjang lain-lain	2g	79.290	54.075	Other non-current payables
Jumlah Liabilitas Jangka Panjang		<u>17.970.227</u>	<u>17.051.483</u>	Total Long-term Liabilities
JUMLAH LIABILITAS		<u>27.387.216</u>	<u>25.158.639</u>	TOTAL LIABILITIES

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian integral dari laporan keuangan konsolidasian.

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

**PT PERTAMINA (PERSERO)
DAN ENTITAS ANAKNYA
LAPORAN POSISI KEUANGAN
KONSOLIDASIAN (lanjutan)
Tanggal 31 Desember 2017
(Dinyatakan dalam ribuan Dolar Amerika Serikat,
kecuali dinyatakan lain)**

**PT PERTAMINA (PERSERO)
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF
FINANCIAL POSITION (continued)
As of December 31, 2017
(Expressed in thousands of US Dollars,
unless otherwise stated)**

	<u>Catatan/ Notes</u>	<u>31 Desember 2017/ December 31, 2017</u>	<u>31 Desember 2016/ December 31, 2016</u>	
EKUITAS				EQUITY
Ekuitas yang dapat diatribusikan kepada pemilik entitas induk				Equity attributable to owners of the parent entity
Modal saham				<i>Share capital</i>
Modal dasar - 200.000.000 saham biasa - nilai nominal Rp1.000.000 (nilai penuh) per saham;				<i>Authorized - 200,000,000 ordinary shares at par value of Rp1,000,000 (full amount) per share;</i>
Ditempatkan dan disetor - 133.090.697 saham	24.I	13.417.047	13.417.047	<i>Issued and paid-up - 133,090,697 shares</i>
Tambahan modal disetor	24.II	2.736	2.736	<i>Additional paid-in capital</i>
Bantuan Pemerintah yang belum ditentukan statusnya	25	1.361	1.361	<i>Government contributed assets pending final clarification of status</i>
Komponen ekuitas lainnya		487.699	664.617	<i>Other equity components</i>
Saldo laba	26.I			<i>Retained earnings</i>
- Ditentukan penggunaannya		6.871.101	4.631.441	<i>Appropriated -</i>
- Belum ditentukan penggunaannya		2.540.195	3.147.043	<i>Unappropriated -</i>
		<u>23.320.139</u>	<u>21.864.245</u>	
Kepentingan nonpengendali	2c,23	506.215	210.322	<i>Non-controlling interests</i>
JUMLAH EKUITAS		<u>23.826.354</u>	<u>22.074.567</u>	TOTAL EQUITY
JUMLAH LIABILITAS DAN EKUITAS		<u>51.213.570</u>	<u>47.233.206</u>	TOTAL LIABILITIES AND EQUITY

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian integral dari laporan keuangan konsolidasian.

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

**PT PERTAMINA (PERSERO)
DAN ENTITAS ANAKNYA
LAPORAN LABA RUGI DAN PENGHASILAN
KOMPREHENSIF LAIN KONSOLIDASIAN
Untuk Tahun yang Berakhir
pada Tanggal 31 Desember 2017
(Dinyatakan dalam ribuan Dolar Amerika Serikat,
kecuali dinyatakan lain)**

**PT PERTAMINA (PERSERO)
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR
LOSS AND OTHER COMPREHENSIVE INCOME
For the Year Ended
December 31, 2017
(Expressed in thousands of US Dollars,
unless otherwise stated)**

	Catatan/ Notes	2017	2016	
Penjualan dan pendapatan usaha lainnya	2s			Sales and other operating revenues
Penjualan dalam negeri minyak mentah, gas bumi, energi panas bumi dan produk minyak	27	36.782.295	32.526.207	Domestic sales of crude oil, natural gas, geothermal energy and oil products
Penggantian biaya subsidi dari Pemerintah	28	3.572.084	2.568.844	Subsidy reimbursements from the Government
Penjualan ekspor minyak mentah, gas bumi dan produk minyak	29	1.874.281	968.371	Export of crude oil, natural gas and oil products
Imbalan jasa pemasaran	8c	25.474	(257.485)	Marketing fees
Pendapatan usaha dari aktivitas operasi lainnya	30	705.191	680.807	Revenues from other operating activities
JUMLAH PENJUALAN DAN PENDAPATAN USAHA LAINNYA		42.959.325	36.486.744	TOTAL SALES AND OTHER OPERATING REVENUES
Beban pokok penjualan dan beban langsung lainnya	2s			Cost of sales and other direct costs
Beban pokok penjualan	31	(31.117.915)	(24.156.393)	Cost of goods sold
Beban produksi hulu dan <i>lifting</i>	32	(3.321.895)	(2.977.397)	Upstream production and lifting costs
Beban eksplorasi	33	(165.356)	(109.196)	Exploration costs
Beban dari aktivitas operasi lainnya	34	(839.864)	(701.247)	Expenses from other operating activities
JUMLAH BEBAN POKOK PENJUALAN DAN BEBAN LANGSUNG LAINNYA		(35.445.030)	(27.944.233)	TOTAL COST OF SALES AND OTHER DIRECT COSTS
LABA BRUTO		7.514.295	8.542.511	GROSS PROFIT
Beban penjualan dan pemasaran	2s,35	(1.353.052)	(1.119.164)	Selling and marketing expenses
Beban umum dan administrasi	2s,36	(1.395.004)	(1.229.724)	General and administrative expenses
Laba (rugi) selisih kurs - neto	2s,2u	68.399	(47.530)	Gain (loss) on foreign exchange-net
Pendapatan keuangan	2s,37	212.779	317.307	Finance income
Beban keuangan	2s,37	(670.110)	(637.530)	Finance costs
Bagian atas laba neto entitas asosiasi dan ventura bersama	2c,2s,11	48.379	16.129	Share in net profit of associates and joint venture
Beban lain-lain - neto	2s,38	(850.076)	(896.647)	Other expenses - net
		(3.938.685)	(3.597.159)	
LABA SEBELUM PAJAK PENGHASILAN		3.575.610	4.945.352	PROFIT BEFORE INCOME TAX

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian integral dari laporan keuangan konsolidasian.

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**PT PERTAMINA (PERSERO)
DAN ENTITAS ANAKNYA
LAPORAN LABA RUGI DAN PENGHASILAN
KOMPREHENSIF LAIN KONSOLIDASIAN (lanjutan)
Untuk Tahun yang Berakhir
pada Tanggal 31 December 2017
(Dinyatakan dalam ribuan Dolar Amerika Serikat,
kecuali dinyatakan lain)**

**PT PERTAMINA (PERSERO)
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR
LOSS AND OTHER COMPREHENSIVE INCOME
(continued)
For the Year Ended
December 31, 2017
(Expressed in thousands of US Dollars,
unless otherwise stated)**

	Catatan/ Notes	2017	2016	
LABA SEBELUM PAJAK PENGHASILAN		3.575.610	4.945.352	PROFIT BEFORE INCOME TAX
Beban pajak penghasilan - neto	2v,39c	(1.022.991)	(1.782.698)	Income tax expense - net
LABA TAHUN BERJALAN		2.552.619	3.162.654	PROFIT FOR THE YEAR
(RUGI)/PENGHASILAN KOMPREHENSIF LAIN				OTHER COMPREHENSIVE (LOSS)/INCOME
Pos-pos yang tidak direklasifikasi ke laba rugi dalam periode berikutnya (neto setelah pajak)				Item not to be reclassified to profit or loss in subsequent periods (net of tax)
Pengukuran kembali atas liabilitas imbalan pasti neto	2t	(122.732)	(75.801)	Remeasurement of net defined benefit liability
Pos-pos yang akan direklasifikasi ke laba rugi dalam periode berikutnya (neto setelah pajak)				Items to be reclassified to profit or loss in subsequent periods (net of tax)
Selisih kurs karena penjabaran laporan keuangan dalam mata uang asing	2c,2u	4.599	13.799	Foreign exchange difference from translation of financial statements in foreign currency
Bagian penghasilan komprehensif lain dari entitas asosiasi	2c,2m	(27.474)	(1.874)	Share of other comprehensive income of associates
RUGI KOMPREHENSIF LAIN, NETO SETELAH PAJAK		(145.607)	(63.876)	OTHER COMPREHENSIVE LOSS, NET OF TAX
JUMLAH PENGHASILAN KOMPREHENSIF TAHUN BERJALAN		2.407.012	3.098.778	TOTAL COMPREHENSIVE INCOME FOR THE YEAR
Laba tahun berjalan yang dapat diatribusikan kepada:				Profit for the year attributable to:
Pemilik entitas induk		2.540.195	3.147.043	Owners of the parent
Kepentingan nonpengendali	2c	12.424	15.611	Non-controlling interests
Jumlah		2.552.619	3.162.654	Total
Jumlah penghasilan komprehensif tahun berjalan yang dapat diatribusikan kepada:				Total comprehensive income for the year attributable to:
Pemilik entitas induk		2.363.277	3.081.541	Owners of the parent
Kepentingan nonpengendali	2c	43.735	17.237	Non-controlling interests
Jumlah		2.407.012	3.098.778	Total

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian integral dari laporan keuangan konsolidasian.

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

PT PERTAMINA (PERSERO) DAN ENTITAS ANAKNYA
LAPORAN PERUBAHAN EKUITAS KONSOLIDASIAN
Untuk Tahun yang Berakhir pada Tanggal 31 Desember 2017
(Dinyatakan dalam ribuan Dolar Amerika Serikat, kecuali dinyatakan lain)

PT PERTAMINA (PERSERO) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended December 31, 2017
(Expressed in thousands of US Dollars, unless otherwise stated)

	Distribusikan kepada pemilik entitas induk/Attributable to owners of the parent entity											
	Catatan/ Notes	Modal saham ditempatkan dan diseor/ Issued and paid-up capital	Uang muka setoran modal/ Advance for share issuance	Tambahkan modal disetor/ Additional paid-in capital	Bantuan Pemerintah yang belum ditemukan statusnya/ Government contributed assets pending final clarification of status	Komponen ekuitas lainnya/ Other equity components	Saldo laba/Retained earnings	Ditetapkan penggunaannya/ Appropriated	Jumlah/ Total	Kepentingan non pengendali/ Non- controlling interests	Jumlah ekuitas/ Total equity	Balance as of January 1, 2016/ December 31, 2015
Selisih kurs perjabaran laporan keuangan dalam mata uang selain US\$/ Differences arising from translation of non-US\$ currency financial statements												
Saldo 1 Januari 2016/ 31 Desember 2015		9.864.901	3.552.146	2.736	1.361	(321.181)	1.051.300	3.710.670	19.282.153	193.085	19.475.238	19.475.238
Kapitalisasi uang muka setoran modal	24.1	3.552.146	(3.552.146)	-	-	-	-	-	-	-	-	-
Selisih kurs karena perjabaran laporan keuangan dalam mata uang selain US Dollar	2c.2u	-	-	-	-	16.980	-	-	16.980	(3.181)	13.799	13.799
Penghasilan komprehensif lain dari entitas asosiasi		-	-	-	-	-	(6.144)	-	(6.144)	4.270	(1.874)	(1.874)
Pengukuran kembali atas liabilitas imbalan pasti neto	2t	-	-	-	-	-	(76.338)	-	(76.338)	537	(75.801)	(75.801)
Pembagian dividen	2ab.26.1	-	-	-	-	-	-	-	(499.449)	-	(499.449)	(499.449)
Alokasi cadangan lain	26.1	-	-	-	-	-	-	920.771	-	-	-	-
Laba tahun berjalan		-	-	-	-	-	-	-	3.147.043	15.611	3.162.654	3.162.654
Saldo 31 Desember 2016		13.417.047	-	2.736	1.361	(304.201)	968.818	4.631.441	21.864.245	210.322	22.074.567	22.074.567

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian integral dari laporan keuangan konsolidasian.

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

The original consolidated financial statements included herein are in the Indonesian language.

PT PERTAMINA (PERSERO) DAN ENTITAS ANAKNYA
LAPORAN PERUBAHAN EKUITAS KONSOLIDASIAN (lanjutan)
Untuk Tahun yang Berakhir pada Tanggal 31 Desember 2017
(Dinyatakan dalam ribuan Dolar Amerika Serikat, kecuali dinyatakan lain)

PT PERTAMINA (PERSERO) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the Year Ended December 31, 2017
(Expressed in thousands of US Dollars, unless otherwise stated)

Saldo 1 Januari 2017/ 31 Desember 2016	Distribusikan kepada pemilik entitas induk/Attributable to owners of the parent entity										Balance as of	
	Modal saham dan disetor/ Issued and paid-up capital	Uang muka setoran modal/ Advance for share issuance	Tambahan modal disetor/ Additional paid-in capital	Bantuan Pemerintah yang belum ditentukan statusnya/ Government contributed assets pending final clarification of status	Selisih kurs karena penjabaran laporan keuangan dalam mata uang selain US\$/ Differences arising from translation of non-US\$ currency financial statements	Penghasilan komprehensif lainnya/ Other comprehensive income	Saldo laba/Retained earnings	Jumlah ekuitas/ Total equity	Keuntungan non pengendali/ Non-controlling interests	Jumlah ekuitas/ Total equity	January 1, 2017/ December 31, 2016	December 31, 2017
Dampak konsolidasi saldo awal kepentingan non pengendali/ Etablissements Maurel Et Prom	-	-	-	-	-	-	-	-	-	-	252.158	252.158
Selisih kurs karena penjabaran laporan keuangan dalam mata uang selain Dolar AS/ Differences arising from translation of non-US\$ currency financial statements	-	-	-	-	1.225	-	-	-	-	1.225	-	4.496
Penghasilan komprehensif lain dari entitas asosiasi	-	-	-	-	-	(55.421)	-	-	-	(55.421)	28.050	(27.371)
Pengukuran kembali atas liabilitas imbalan pasti neto	-	-	-	-	-	(122.722)	-	-	-	(122.722)	(10)	(122.732)
Pembagian dividen	-	-	-	-	-	-	(907.383)	-	-	(907.383)	-	(907.383)
Alokasi cadangan lain	-	-	-	-	-	-	(2.239.660)	-	-	(2.239.660)	-	-
Laba tahun berjalan	-	-	-	-	-	-	2.540.195	-	-	2.540.195	12.424	2.552.619
Saldo 31 Desember 2017	13.417.047	-	2.736	1.361	(302.976)	790.675	6.871.101	21.864.245	210.322	22.074.567	506.215	23.826.354

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian integral dari laporan keuangan konsolidasian.

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**PT PERTAMINA (PERSERO)
DAN ENTITAS ANAKNYA
LAPORAN ARUS KAS KONSOLIDASIAN
Untuk Tahun yang Berakhir
pada Tanggal 31 Desember 2017
(Dinyatakan dalam ribuan Dolar Amerika Serikat,
kecuali dinyatakan lain)**

**PT PERTAMINA (PERSERO)
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended
December 31, 2017
(Expressed in thousands of US Dollars,
unless otherwise stated)**

	<u>2017</u>	<u>2016</u>	
ARUS KAS DARI AKTIVITAS OPERASI			CASH FLOWS FROM OPERATING ACTIVITIES
Penerimaan kas dari pelanggan	37.104.124	39.669.771	Cash receipts from customers
Penerimaan kas dari Pemerintah	3.787.855	3.722.302	Cash receipts from Government
Penerimaan kas dari restitusi pajak	616.420	39.492	Cash receipts from tax restitution
Pembayaran kas kepada pemasok	(27.014.826)	(26.979.434)	Payments to suppliers
Pembayaran kas kepada Pemerintah	(7.524.628)	(5.173.462)	Payments to the Government
Pembayaran pajak penghasilan badan	(1.937.212)	(1.896.489)	Payments of corporate income taxes
Pembayaran kas kepada pekerja dan manajemen	(1.452.142)	(1.239.690)	Cash paid to employees and management
Penempatan pada kas yang dibatasi penggunaannya	(156.047)	(494.035)	Placement of restricted cash
Penerimaan bunga	154.266	226.672	Receipts of interest
Kas neto yang diperoleh dari aktivitas operasi	<u>3.577.810</u>	<u>7.875.127</u>	Net cash provided by operating activities
ARUS KAS DARI AKTIVITAS INVESTASI			CASH FLOWS FROM INVESTING ACTIVITIES
Hasil dari pelepasan investasi jangka pendek	99.870	45.807	Proceeds from disposal of short-term investments
Penerimaan bunga dari investasi	18.240	3.987	Interest received from investments
Hasil dari pelepasan investasi jangka panjang	15.808	4.198	Proceeds from disposal of long-term investments
Penerimaan kas dari aktivitas investasi lainnya	6.333	459	Cash receipts from other investing activities
Hasil penjualan aset tetap	102	2.161	Proceeds from sale of fixed assets
Penerimaan dividen dari entitas asosiasi	61.465	191.927	Dividends received from associates
Pembelian aset tetap	(873.785)	(846.130)	Purchases of fixed assets
Pembelian aset minyak dan gas serta panas bumi	(762.442)	(1.108.600)	Purchases of oil & gas and geothermal properties
Penempatan penyertaan jangka panjang	(659.992)	(282.794)	Placements in long-term investments
Penempatan investasi jangka pendek	(226.322)	(73.489)	Placements in short-term investments
Pembayaran aset eksplorasi dan evaluasi	(13.015)	(15.791)	Payments for exploration and evaluation assets
Penerimaan (penempatan) pada kas yang dibatasi penggunaannya	319	(10.286)	Receipts from (placement of) restricted cash
Kas yang diterima karena perubahan pengendalian	203.230	-	Cash obtained due to change of control
Kas neto yang digunakan untuk aktivitas investasi	<u>(2.130.189)</u>	<u>(2.088.551)</u>	Net cash used in investing activities

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian integral dari laporan keuangan konsolidasian.

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**PT PERTAMINA (PERSERO)
DAN ENTITAS ANAKNYA
LAPORAN ARUS KAS KONSOLIDASIAN
(lanjutan)
Untuk Tahun yang Berakhir
pada Tanggal 31 Desember 2017
(Dinyatakan dalam ribuan Dolar Amerika Serikat,
kecuali dinyatakan lain)**

**PT PERTAMINA (PERSERO)
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(continued)
For the Year Ended
December 31, 2017
(Expressed in thousands of US Dollars,
unless otherwise stated)**

	<u>2017</u>	<u>2016</u>	
ARUS KAS DARI AKTIVITAS PENDANAAN			CASH FLOWS FROM FINANCING ACTIVITIES
Penerimaan dari pinjaman jangka pendek	4.039.533	2.377.255	<i>Proceeds from short-term loans</i>
Penerimaan dari pinjaman jangka panjang	663.204	1.374.197	<i>Proceeds from long-term loans</i>
Pembayaran pinjaman jangka pendek	(3.686.723)	(4.057.881)	<i>Repayments of short-term loan</i>
Pembayaran pinjaman jangka panjang	(1.072.899)	(2.120.162)	<i>Repayments of long-term loan</i>
Pembayaran dividen	(867.751)	(554.859)	<i>Dividend payments</i>
Pembayaran beban keuangan	(523.147)	(530.823)	<i>Payments of finance costs</i>
Pembayaran obligasi	-	(139.756)	<i>Repayments of bonds</i>
Penerimaan (penempatan) pada kas yang dibatasi penggunaannya	(13.249)	394	<i>Receipt from (placement of) restricted cash</i>
Kas neto yang digunakan untuk aktivitas pendanaan	<u>(1.461.032)</u>	<u>(3.651.635)</u>	<i>Net cash used in financing activities</i>
KENAIKAN (PENURUNAN) NETO KAS DAN SETARA KAS	(13.411)	2.134.941	<i>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</i>
Efek perubahan nilai kurs pada kas dan setara kas	(18.783)	12.519	<i>Effect of exchange rate changes on cash and cash equivalents</i>
SALDO KAS DAN SETARA KAS PADA AWAL TAHUN	<u>5.258.526</u>	<u>3.111.066</u>	<i>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</i>
SALDO KAS DAN SETARA KAS PADA AKHIR TAHUN	<u>5.226.332</u>	<u>5.258.526</u>	<i>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</i>

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian integral dari laporan keuangan konsolidasian.

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**PT PERTAMINA (PERSERO)
DAN ENTITAS ANAKNYA
CATATAN ATAS LAPORAN KEUANGAN
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Tanggal 31 Desember 2017 dan untuk
Tahun yang Berakhir pada Tanggal Tersebut
(Dinyatakan dalam ribuan Dolar Amerika Serikat,
kecuali dinyatakan lain)**

The original consolidated financial statements included herein
are in the Indonesian language.

**PT PERTAMINA (PERSERO)
AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
As of December 31, 2017 and
for the Year Then Ended
(Expressed in thousands of US Dollars,
unless otherwise stated)**

1. UMUM

a. PT Pertamina (Persero) (“Perusahaan”)

i. Profil perusahaan

PT Pertamina (Persero) (“Perusahaan”) didirikan sesuai dengan Akta Notaris Lenny Janis Ishak, S.H., No. 20 tanggal 17 September 2003. Pendirian Perusahaan didasarkan pada Undang-Undang No. 1 tahun 1995 tentang Perseroan Terbatas (“PT”), Undang-Undang No. 19 tahun 2003 tentang Badan Usaha Milik Negara (“BUMN”), Peraturan Pemerintah No. 12 Tahun 1998 tentang Perusahaan Perseroan (Persero), dan Peraturan Pemerintah No. 45 Tahun 2001 tentang Perubahan atas Peraturan Pemerintah No. 12 Tahun 1998. Anggaran Dasar Perusahaan telah diubah beberapa kali. Perubahan terakhir diaktakan dengan Akta Notaris Lenny Janis Ishak, S.H., No. 27 tanggal 19 Desember 2016, yang telah disetujui oleh Menteri Hukum dan Hak Asasi Manusia melalui Surat Keputusan No. AHU-AH.01.03-0110415 tanggal 21 Desember 2016.

ii. Kegiatan usaha dan alamat utama

Sesuai Anggaran Dasar, Perusahaan dapat melaksanakan usaha utama sebagai berikut:

- a. Melaksanakan kegiatan eksplorasi minyak dan gas bumi;
- b. Melaksanakan kegiatan eksploitasi minyak dan gas bumi;
- c. Menyelenggarakan kegiatan di bidang energi listrik, termasuk tetapi tidak terbatas pada eksplorasi dan eksploitasi energi panas bumi, Pembangkit Listrik Tenaga Panas Bumi (“PLTP”), Pembangkit Listrik Tenaga Gas (“PLTG”) dan energi listrik yang dihasilkan Perseroan;
- d. Melaksanakan kegiatan pengolahan yang menghasilkan Bahan Bakar Minyak;
- e. Melaksanakan kegiatan penyediaan bahan baku, pengolahan, pengangkutan, penyimpanan dan niaga Bahan Bakar Nabati (*Biofuel*);
- f. Melaksanakan kegiatan pengangkutan yang meliputi kegiatan pemindahan minyak bumi, gas bumi, Bahan Bakar Minyak, Bahan Bakar Gas dan/atau hasil/produk lainnya;

1. GENERAL

a. PT Pertamina (Persero) (“the Company”)

i. Company profile

PT Pertamina (Persero) (“the Company”) was established by Notarial Deed No. 20 dated September 17, 2003 of Lenny Janis Ishak, S.H. The establishment of the Company was based on Law No. 1 Year 1995 concerning Limited Liability Companies, Law No. 19 Year 2003 on State-Owned Enterprises, Government Regulation No. 12 Year 1998 on State Enterprises (Persero), and Government Regulation No. 45 Year 2001 regarding Amendment to Government Regulation No. 12 Year 1998. The Company’s Articles of Association have been amended several times. The latest amendment was made under Notarial Deed No. 27 dated December 19, 2016 of Lenny Janis Ishak, S.H., which was approved by the Minister of Law and Human Rights through Decision Letter No. AHU-AH.01.03-0110415 dated December 21, 2016.

ii. Business activities and principal address

In accordance with its Articles of Association, the Company shall conduct the following main business:

- a. *Operate in exploration activities of oil and gas;*
- b. *Operate in exploitation activities of oil and gas;*
- c. *Carry out activities in electrical energy, including but not limited to the exploration and exploitation of geothermal energy, geothermal electricity power plant (“PLTP”), gas power plant (“PLTG”) and electricity energy produced by the Company;*
- d. *Implement processing activities that produce fuel oil;*
- e. *Conduct activities of raw materials, processing, transportation, storage and trading of Biofuels;*
- f. *Conduct operational activity of transportation which includes the petroleum, natural gas, fuel oil, fuel gas and/or result/other products;*

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**PT PERTAMINA (PERSERO)
AND ITS SUBSIDIARIES
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As of December 31, 2017 and
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(Expressed in thousands of US Dollars,
unless otherwise stated)**

1. UMUM (lanjutan)

**a. PT Pertamina (Persero) (“Perusahaan”)
(lanjutan)**

**ii. Kegiatan usaha dan alamat utama
(lanjutan)**

- g. Melaksanakan kegiatan penyimpanan yang meliputi kegiatan penerimaan, pengumpulan, penampungan dan pengeluaran minyak bumi, Bahan Bakar Minyak, Bahan Bakar Gas dan/atau hasil/produk lainnya;
- h. Melaksanakan kegiatan niaga yang meliputi kegiatan pembelian, penjualan, ekspor, impor minyak bumi, Bahan Bakar Minyak, Bahan Bakar Gas dan/atau hasil/produk lainnya, penyaluran gas bumi melalui pipa termasuk niaga energi listrik yang dihasilkan Perseroan; dan
- i. Melaksanakan kegiatan pengembangan, eksplorasi, produksi dan niaga energi baru dan terbarukan.

Selain kegiatan usaha utama di atas, Perusahaan dapat melakukan kegiatan usaha dalam rangka optimalisasi pemanfaatan sumber daya yang dimiliki untuk:

- a. *Trading house, real estate, pergudangan, pariwisata, resor, olah raga dan rekreasi, rest area, rumah sakit, pendidikan, penelitian, prasarana, telekomunikasi, jasa penyewaan dan perusahaan sarana dan prasarana yang dimiliki Perusahaan, jalan bebas hambatan (tol) dan pusat perbelanjaan/mall.*
- b. *Pengelolaan Kawasan Ekonomi Khusus;*
- c. *Pengelolaan Kawasan Industri (industrial complex); dan*
- d. *Kegiatan usaha lainnya yang menunjang dan terkait usaha utama Perusahaan.*

Perusahaan mempunyai aktivitas pengolahan yang meliputi kegiatan pengolahan minyak mentah menjadi produk minyak dan produksi LPG dan petrokimia (*paraxylene dan propylene*). Perusahaan memiliki enam Unit Pengolahan (“UP”) dengan kapasitas pengolahan terpasang sebagai berikut:

1. GENERAL (continued)

**a. PT Pertamina (Persero) (“the Company”)
(continued)**

**ii. Business activities and principal
address (continued)**

- g. *Carry out storage activities which includes the reception, the collection and spending of petroleum reservoirs, Fuel Oil, Fuel Gas and/or result/other products;*
- h. *Carry out commercial activities which includes the purchase, sale, export, import of petroleum, Fuel Oil, Fuel Gas and/or result/other products, the distribution of natural gas through pipelines including commercial electrical energy produced of the Company; and*
- i. *Conduct development activities, exploration, production and trading of new and renewable energy.*

In addition to the above main business activities, the Company may conduct business in order to optimize the utilization of available resources as follows:

- a. *Trading house, real estate, warehousing, tourism, resort, sports and recreation, rest areas, hospitals, education, research, infrastructure, telecommunications, rental services and operation of facilities and infrastructure owned by the Company, the freeway (toll) and shopping centre/mall;*
- b. *Management of Special Economic Zones;*
- c. *Management of Industrial Zones (industrial complex); and*
- d. *Other business activities and associated support its main businesses.*

The Company has processing activities which include processing of crude oil into oil products and production of LPG and petrochemicals (paraxylene and propylene). The Company owns six Refinery Units (“RU”) with installed processing capacities consisting of:

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1. UMUM (lanjutan)

**a. PT Pertamina (Persero) (“Perusahaan”)
(lanjutan)**

**ii. Kegiatan usaha dan alamat utama
(lanjutan)**

UP	Kapasitas pengolahan minyak mentah terpasang (barrel/hari) (tidak diaudit)/ Installed processing capacity of crude oil (barrels/day) (unaudited)	RU
UP II - Dumai dan Sungai Pakning, Riau	170.000	RU II - Dumai and Sungai Pakning, Riau
UP III - Plaju dan Sungai Gerong, Sumatera Selatan	133.700	RU III - Plaju and Sungai Gerong, South Sumatera
UP IV - Cilacap, Jawa Tengah	348.000	RU IV - Cilacap, Central Java
UP V - Balikpapan, Kalimantan Timur	260.000	RU V - Balikpapan, East Kalimantan
UP VI - Balongan, Jawa Barat	125.000	RU VI - Balongan, West Java
UP VII - Kasim, Papua Barat	10.000	RU VII - Kasim, West Papua

Perusahaan, melalui entitas anaknya, juga melakukan beberapa kegiatan usaha seperti yang dijelaskan dalam Catatan 1b dan 42.

Alamat utama kantor pusat Perusahaan adalah Jl. Medan Merdeka Timur No. 1A, Jakarta, Indonesia.

iii. Dewan Komisaris dan Direksi Perusahaan

Susunan Dewan Komisaris Perusahaan pada tanggal 31 Desember 2017 dan 2016 berdasarkan keputusan Rapat Umum Pemegang Saham No. SK-194/MBU/09/2017 yang dilaksanakan pada tanggal 12 September 2017 dan berdasarkan keputusan Rapat Umum Pemegang Saham No. SK-68/MBU/03/2016 dan No. SK-254/MBU/11/2016 yang dilaksanakan masing-masing pada tanggal 29 Maret 2016 dan 14 November 2016. Adalah sebagai berikut:

	2017
Komisaris Utama	Tanri Abeng ¹
Wakil Komisaris Utama	Arcandra Tahar
Komisaris	Sahala Lumban Gaol
Komisaris	Suahasil Nazara
Komisaris	Edwin Hidayat Abdullah
Komisaris	Alexander Lay ²

¹ Komisaris Independen
² Efektif sejak tanggal 12 September 2017

1. GENERAL (continued)

**a. PT Pertamina (Persero) (“the Company”)
(continued)**

ii. Business activities and principal address (continued)

The Company, through its subsidiaries, also conduct certain business activities as disclosed in Notes 1b and 42.

The Company's head office is located at Jl. Medan Merdeka Timur No. 1A, Jakarta, Indonesia.

iii. The Company's Board of Commissioners and Board of Directors

The composition of the Company's Board of Commissioners as of December 31, 2017 and 2016 based on the resolution No. SK-194/MBU/09/2017 of the General Meeting of Shareholder held on September 12, 2017 and based on the resolution No. SK-68/MBU/03/2016 and No. SK-254/MBU/11/2016 of the General Meeting of Shareholder held on March 29, 2016 and November 14, 2016, respectively is as follows:

	2017	2016
Komisaris Utama	Tanri Abeng ¹	Tanri Abeng ¹
Wakil Komisaris Utama	Arcandra Tahar	Arcandra Tahar
Komisaris	Sahala Lumban Gaol	Sahala Lumban Gaol
Komisaris	Suahasil Nazara	Suahasil Nazara
Komisaris	Edwin Hidayat Abdullah	Edwin Hidayat Abdullah
Komisaris	-	-

¹ Independent Commissioner
² Effective since September 12, 2017

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a. PT Pertamina (Persero) (“Perusahaan”) (lanjutan)

iii. Dewan Komisaris dan Direksi Perusahaan (lanjutan)

Susunan Dewan Direksi Perusahaan pada tanggal 31 Desember 2017 dan 2016 berdasarkan keputusan Rapat Umum Pemegang Saham No. SK-52/MBU/03/2017 dan No. SK-256/MBU/11/2017 yang masing-masing dilaksanakan pada tanggal 16 Maret 2017 dan 27 November 2017 dan berdasarkan keputusan Rapat Umum Pemegang Saham No. SK-242/MBU/10/2016 dan No. SK-264/MBU/12/2016 yang dilaksanakan pada tanggal 20 Oktober 2016 dan 2 Desember 2016 masing-masing sebagai berikut:

	2017	2016	
Direktur Utama	Elia Massa Manik ¹	Dwi Soetjipto ²	<i>President Director Vice President</i>
Wakil Direktur Utama	-	Ahmad Bambang ²	<i>Director</i>
Direktur Pemasaran	Muchamad Iskandar	Muchamad Iskandar	<i>Marketing Director Finance and Corporate</i>
Direktur Keuangan dan Strategi Perusahaan	-	Arief Budiman	<i>Strategy Director</i>
Direktur Keuangan	Arief Budiman	-	<i>Finance Director</i>
Direktur Gas	Yenni Andayani	Yenni Andayani	<i>Gas Director</i>
Direktur Hulu	Syamsu Alam	Syamsu Alam	<i>Upstream Director</i>
Direktur Pengolahan	Toharso	Toharso	<i>Refinery Director</i>
Direktur Sumber Daya Manusia, Teknologi Informasi, dan Umum	-	Dwi Wahyu Daryoto	<i>Human Resources, Information Technology, and General Affairs Director</i>
Direktur Sumber Daya Manusia	Nicke Widyawati ⁴	-	<i>Human Resources Director</i>
Direktur Megaproyek Pengolahan dan Petrokimia	Ardhy N. Mokobombang ³	Rachmad Hardadi ³	<i>Mega Project Refinery and Petrochemical Director</i>
Direktur Perencanaan Investasi dan Manajemen Risiko	Gigih Prakoso ³	-	<i>Investment Planning and Risk Management Director</i>
Direktur Manajemen Aset	Dwi Wahyu Daryoto	-	<i>Asset Management Director</i>

1 Efektif sejak tanggal 16 Maret 2017
2 Efektif sejak tanggal 3 Februari 2017
3 Efektif sejak tanggal 15 Agustus 2017
4 Efektif sejak tanggal 27 November 2017

1 Effective since March 16, 2017
2 Effective since February 3, 2017
3 Effective since August 15, 2017
4 Effective since November 27, 2017

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1. UMUM (lanjutan)

**a. PT Pertamina (Persero) (“Perusahaan”)
(lanjutan)**

**iii. Dewan Komisaris dan Direksi
Perusahaan (lanjutan)**

Pada tanggal 31 Desember 2017 dan 2016, susunan Komite Audit Perusahaan adalah sebagai berikut:

	<u>2017</u>
Ketua	Tanri Abeng
Wakil Ketua	Sahala Lumban Gaol ¹
Wakil Ketua	Edwin Hidayat Abdullah ¹
Anggota	-
Anggota	Dwi Martani
Anggota	Agus Yulianto
Anggota	Bonar Lumban Tobing

¹ Efektif sejak tanggal 4 Oktober 2017

iv. Jumlah karyawan

Pada tanggal-tanggal 31 Desember 2017 dan 2016, Grup memiliki masing-masing sebanyak 27.817 dan 27.227 karyawan tetap (tidak diaudit).

**b. Entitas Anak, Entitas Asosiasi dan
Pengaturan Bersama**

i. Entitas Anak

Pada tanggal-tanggal 31 Desember 2017 dan 2016, Grup memiliki pengendalian secara langsung maupun tidak langsung, pada entitas anak sebagai berikut:

<u>Entitas anak/ Subsidiaries</u>	<u>Tahun pendirian/Year of establishment</u>	<u>Persentase kepemilikan efektif/ Effective percentage of ownership</u>		<u>Jumlah aset sebelum eliminasi/ Total assets before elimination</u>	
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Eksplorasi dan produksi minyak dan gas/ Oil and gas exploration and production					
1. PT Pertamina Hulu Energi	1990	100,00%	100,00%	4.780.787	4.908.390
2. PT Pertamina EP	2005	100,00%	100,00%	7.621.461	7.301.605
3. PT Pertamina EP Cepu	2005	100,00%	100,00%	2.608.022	2.103.211
4. Pertamina E&P Libya Limited, British Virgin Island	2005	100,00%	100,00%	154	154
5. PT Pertamina East Natuna	2012	100,00%	100,00%	129	129
6. PT Pertamina EP Cepu ADK	2013	100,00%	100,00%	18.534	58.545
7. PT Pertamina Internasional Eksplorasi dan Produksi	2013	100,00%	100,00%	5.776.299	4.598.908
8. ConocoPhillips Algeria Limited, Cayman Island *)	2013	100,00%	100,00%	1.065.720	1.065.720
9. PT Pertamina Hulu Indonesia	2015	100,00%	100,00%	304.838	41.112

*) Dalam proses likuidasi/in liquidation process

1. GENERAL (continued)

**a. PT Pertamina (Persero) (“the Company”)
(continued)**

**iii. The Company’s Board of Commissioners
and Board of Directors (continued)**

As of December 31, 2017 and 2016, the composition of the Company’s Audit Committee is as follows:

	<u>2016</u>	
Tanri Abeng	-	Chairman
-	-	Vice Chairman
-	-	Vice Chairman
Sahala Lumban Gaol	-	Member
Dwi Martani	-	Member
Agus Yulianto	-	Member
Bonar Lumban Tobing	-	Member

¹ Effective since October 4, 2017

iv. Number of employees

As of December 31, 2017 and 2016, the Group has 27,817 and 27,227 permanent employees (unaudited), respectively.

**b. Subsidiaries, Associates and Joint
Arrangements**

i. Subsidiaries

As of December 31, 2017 and 2016, the Group has direct or indirect control of the following subsidiaries:

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1. UMUM (lanjutan)

1. GENERAL (continued)

**b. Entitas Anak, Entitas Asosiasi dan
Pengaturan Bersama (lanjutan)**

**b. Subsidiaries, Associates and Joint
Arrangements (continued)**

i. Entitas Anak (lanjutan)

i. Subsidiaries (continued)

Entitas anak/ <i>Subsidiaries</i>	Tahun pendirian/ <i>Year of establishment</i>	Persentase kepemilikan efektif/ <i>Effective percentage of ownership</i>		Jumlah aset sebelum eliminasi/ <i>Total assets before elimination</i>	
		2017	2016	2017	2016
Eksplorasi dan produksi panas bumi/<i>Geothermal exploration and production</i>					
10. PT Pertamina Geothermal Energy	2006	100,00%	100,00%	2.408.120	2.073.789
Jasa pengeboran minyak dan gas/ <i>Oil and gas drilling services</i>					
11. PT Pertamina Drilling Services Indonesia	2008	100,00%	100,00%	574.402	590.357
Jasa pengolahan dan penjualan hasil olahan minyak dan gas, konstruksi dan perminyakan, teknologi informasi dan telekomunikasi/<i>Processing and sale of oil and gas products, construction and oilfield services, information technology and telecommunications</i>					
12. PT Elnusa Tbk.	1969	41,10%	41,10%	358.319	311.920
Perdagangan minyak dan gas bumi, transportasi gas, pemrosesan, distribusi dan penyimpanan minyak dan gas/<i>Oil and gas trading, gas transportation, processing, distribution and storage</i>					
13. PT Pertamina Gas	2007	100,00%	100,00%	1.926.760	1.877.883
Ketenagalistrikan/<i>Electricity</i>					
14. PT Pertamina Power Indonesia	2016	100,00%	100,00%	99.726	101.149
Jasa perdagangan dan aktivitas industri/ <i>Trading services and industrial activities</i>					
15. PT Pertamina Patra Niaga	1997	100,00%	100,00%	960.394	783.409
16. Pertamina International Timor S.A.	2015	95,00%	95,00%	28.677	18.712
Usaha Stasiun Pengisian Bahan Bakar Umum ("SPBU")/ <i>Public fuel filling stations business</i>					
17. PT Pertamina Retail	1997	100,00%	100,00%	150.643	136.686
Pengolahan dan pemasaran pelumas/ <i>Lubricant processing and marketing</i>					
18. PT Pertamina Lubricants	2013	100,00%	100,00%	500.637	510.968
Perkapalan/<i>Shipping</i>					
19. PT Pertamina Trans Kontinental	1969	100,00%	100,00%	287.014	254.017
20. PT Pertamina International Shipping	2016	100,00%	100,00%	217.466	10.000
Jasa pengangkutan udara/ <i>Air transportation services</i>					
21. PT Pelita Air Service	1970	100,00%	100,00%	65.300	63.990
Manajemen investasi/ <i>Investment management</i>					
22. PT Pertamina Dana Ventura	2002	100,00%	100,00%	71.327	157.691
Jasa pengembangan sumber daya manusia/ <i>Human resources development services</i>					
23. PT Pertamina Training & Consulting	1999	100,00%	100,00%	40.768	32.624

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b. Entitas Anak, Entitas Asosiasi dan Pengaturan Bersama (lanjutan)

i. Entitas Anak (lanjutan)

Entitas anak/ <i>Subsidiaries</i>	Tahun pendirian/ <i>Year of establishment</i>	Persentase kepemilikan efektif/ <i>Effective percentage of ownership</i>		Jumlah aset sebelum eliminasi/ <i>Total assets before elimination</i>	
		2017	2016	2017	2016
Sewa perkantoran, perumahan dan hotel/ <i>Offices, house rental and hotel operations</i>					
24. PT Patra Jasa	1975	100,00%	100,00%	229.394	90.570
Jasa kesehatan dan pengoperasian rumah sakit/<i>Health services and hospital operations</i>					
25. PT Pertamina Bina Medika	1997	100,00%	100,00%	111.006	100.083
Jasa asuransi/<i>Insurance services</i>					
26. PT Tugu Pratama Indonesia	1981	65,00%	65,00%	836.387	662.347
Kilang Pengolahan/<i>Refineries</i>					
27. PT Kilang Pertamina Internasional	2017	100,00%	-	738	-

PT Kilang Pertamina Internasional ("KPI") didirikan sesuai dengan Akta Notaris Lenny Janis Ishak, S.H., No. 08 tanggal 13 November 2017. Akta pendirian KPI telah disahkan oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia melalui Surat Keputusan Nomor AHU-0051207.AH.01.01. Tahun 2017 tanggal 13 November 2017.

PT Kilang Pertamina Internasional ("KPI") was established by Notarial Deed No. 08 dated November 13, 2017 of Lenny Janis Ishak, S.H. KPI's deed of establishment was approved by the Minister of Justice and Human Rights through Decision Letter Number AHU-0051207.AH.01.01. Year 2017 dated November 13, 2017.

ii. Entitas Asosiasi

Entitas asosiasi dengan kepemilikan langsung adalah sebagai berikut:

Entitas asosiasi/ <i>Associates</i>	Persentase kepemilikan efektif/ <i>Effective percentage of ownership</i>	Kegiatan usaha/ <i>Nature of business</i>
1. Pacific Petroleum & Trading Co. Ltd., Jepang/ <i>Japan</i>	50,00%	Jasa pemasaran/ <i>Marketing services</i>
2. PT Trans Pacific Petrochemical Indotama	48,59%	Jasa pengolahan dan penjualan hasil olahan minyak dan gas/ <i>Processing and sale of oil and gas products and services</i>

Entitas asosiasi dengan kepemilikan tidak langsung adalah sebagai berikut:

Entitas asosiasi/ <i>Associates</i>	Persentase kepemilikan efektif/ <i>Effective percentage of ownership</i>	Kegiatan usaha/ <i>Nature of business</i>
1. PT Donggi Senoro LNG	29,00%	Pengolahan LNG/ <i>LNG processing</i>
2. PT Asuransi Samsung Tugu	19,50%	Asuransi/ <i>Insurance</i>
3. Seplat Petroleum Development Company Plc, ("Seplat") Nigeria	21,37%	Eksplorasi dan produksi minyak dan gas/ <i>Oil and gas exploration and production</i>

1. GENERAL (continued)

b. Subsidiaries, Associates and Joint Arrangements (continued)

i. Subsidiaries (continued)

	Tahun pendirian/ <i>Year of establishment</i>	Persentase kepemilikan efektif/ <i>Effective percentage of ownership</i>		Jumlah aset sebelum eliminasi/ <i>Total assets before elimination</i>	
		2017	2016	2017	2016
Sewa perkantoran, perumahan dan hotel/ <i>Offices, house rental and hotel operations</i>					
24. PT Patra Jasa	1975	100,00%	100,00%	229.394	90.570
Jasa kesehatan dan pengoperasian rumah sakit/<i>Health services and hospital operations</i>					
25. PT Pertamina Bina Medika	1997	100,00%	100,00%	111.006	100.083
Jasa asuransi/<i>Insurance services</i>					
26. PT Tugu Pratama Indonesia	1981	65,00%	65,00%	836.387	662.347
Kilang Pengolahan/<i>Refineries</i>					
27. PT Kilang Pertamina Internasional	2017	100,00%	-	738	-

PT Kilang Pertamina Internasional ("KPI") was established by Notarial Deed No. 08 dated November 13, 2017 of Lenny Janis Ishak, S.H. KPI's deed of establishment was approved by the Minister of Justice and Human Rights through Decision Letter Number AHU-0051207.AH.01.01. Year 2017 dated November 13, 2017.

ii. Associates

The directly owned associates are as follows:

Entitas asosiasi/ <i>Associates</i>	Persentase kepemilikan efektif/ <i>Effective percentage of ownership</i>	Kegiatan usaha/ <i>Nature of business</i>
1. Pacific Petroleum & Trading Co. Ltd., Jepang/ <i>Japan</i>	50,00%	Jasa pemasaran/ <i>Marketing services</i>
2. PT Trans Pacific Petrochemical Indotama	48,59%	Jasa pengolahan dan penjualan hasil olahan minyak dan gas/ <i>Processing and sale of oil and gas products and services</i>

The indirectly owned associates are as follows:

Entitas asosiasi/ <i>Associates</i>	Persentase kepemilikan efektif/ <i>Effective percentage of ownership</i>	Kegiatan usaha/ <i>Nature of business</i>
1. PT Donggi Senoro LNG	29,00%	Pengolahan LNG/ <i>LNG processing</i>
2. PT Asuransi Samsung Tugu	19,50%	Asuransi/ <i>Insurance</i>
3. Seplat Petroleum Development Company Plc, ("Seplat") Nigeria	21,37%	Eksplorasi dan produksi minyak dan gas/ <i>Oil and gas exploration and production</i>

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1. UMUM (lanjutan)

**b. Entitas Anak, Entitas Asosiasi dan
Pengaturan Bersama (lanjutan)**

iii. Pengaturan Bersama

Ventura bersama dengan kepemilikan langsung adalah sebagai berikut:

<u>Ventura bersama/ Joint ventures</u>	<u>Persentase kepemilikan efektif/Effective percentage of ownership</u>	<u>Kegiatan usaha/ Nature of business</u>
1. PT Nusantara Regas	60,00%	Regasifikasi LNG/LNG regasification

Ventura bersama dengan kepemilikan tidak langsung adalah sebagai berikut:

<u>Ventura bersama/ Joint ventures</u>	<u>Persentase kepemilikan efektif/Effective percentage of ownership</u>	<u>Kegiatan usaha/ Nature of business</u>
1. PT Patra SK	35,00%	Pengolahan Lube Base Oil (LBO)/ LBO processing
2. PT Perta-Samtan Gas	66,00%	Pengolahan LNG/LNG processing
3. PT Perta Daya Gas	65,00%	Regasifikasi LNG/LNG regasification
4. PT Indo Thai Trading	51,00%	Perdagangan petrokimia/ Petrochemical trading
5. PT Elnusa CGGVeritas Seismic	20,96%	Jasa survei seismik/ Seismic survey services
6. PT Pertamina Rosneft Pengolahan dan Petrokimia	55,00%	Pengembangan kilang minyak bumi dan petrokimia/ Development of Petroleum and Petrochemical refineries

PT Pertamina Rosneft Pengolahan dan Petrokimia ("PRPP") didirikan sesuai dengan Akta Notaris Mina NG, SH., M.KN., No. 13 tanggal 28 November 2017. Akta pendirian PRPP telah disahkan oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia melalui Surat No. AHU-0053838.AH.01.01.Tahun 2017 tanggal 28 November 2017.

PT Pertamina Rosneft Pengolahan dan Petrokimia ("PRPP") was established by Notarial Deed No. 13 dated November 28, 2017 of Mina NG, SH., M.KN., PRPP's deed of establishment was approved by the Minister of Justice and Human Rights through letter Number No. AHU-0053838.AH.01.01.Year 2017 dated November 28, 2017.

Operasi bersama dengan kepemilikan tidak langsung adalah sebagai berikut:

<u>Operasi bersama/ Joint operation</u>	<u>Persentase kepemilikan/ Percentage of ownership</u>	<u>Kegiatan usaha/ Nature of business</u>
1. Natuna 2 B.V., Belanda/Netherlands	50,00%	Eksplorasi dan produksi/ Exploration and production

The indirectly owned joint operation is as follows:

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1. UMUM (lanjutan)

b. Entitas Anak, Entitas Asosiasi dan Pengaturan Bersama (lanjutan)

iii. Pengaturan Bersama (lanjutan)

Grup menganggap keberadaan hak keikutsertaan substantif dari pemegang saham nonpengendali PT Nusantara Regas, PT Perta-Samtan Gas, PT Perta Daya Gas, PT Indo Thai Trading dan PT Pertamina Rosneft Pengolahan dan Petrokimia menyebabkan pemegang saham tersebut memiliki pengendalian bersama atas kebijakan keuangan dan operasional yang penting. Dengan pertimbangan hak yang dimiliki pemegang saham nonpengendali tersebut, Grup tidak memiliki pengendalian atas kebijakan keuangan dan operasional penting di PT Nusantara Regas, PT Perta-Samtan Gas, PT Perta Daya Gas, PT Indo Thai Trading dan PT Pertamina Rosneft Pengolahan dan Petrokimia meskipun Grup memiliki kepemilikan saham lebih dari 50%.

2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING

Laporan keuangan konsolidasian Grup telah diselesaikan dan disetujui untuk diterbitkan oleh Direksi Perusahaan pada tanggal 13 Februari 2018.

Kebijakan akuntansi dan pelaporan keuangan yang diterapkan oleh Grup sesuai dengan standar akuntansi keuangan di Indonesia, yaitu Pernyataan Standar Akuntansi Keuangan ("PSAK"). Kebijakan akuntansi diterapkan secara konsisten dalam penyusunan laporan keuangan konsolidasian untuk tanggal-tanggal 31 Desember 2017 dan 2016 oleh Grup.

a. Dasar penyusunan laporan keuangan konsolidasian

Laporan keuangan konsolidasian disusun berdasarkan konsep akrual dan dasar pengukuran dengan menggunakan harga historis, kecuali beberapa akun tertentu yang dicatat berdasarkan pengukuran lain sebagaimana diuraikan dalam kebijakan akuntansi akun tersebut.

1. GENERAL (continued)

b. Subsidiaries, Associates and Joint Arrangements (continued)

iii. Joint Arrangements (continued)

The Group considered the existence of substantive participating rights held by the non-controlling shareholders of PT Nusantara Regas, PT Perta-Samtan Gas, PT Perta Daya Gas, PT Indo Thai Trading and PT Pertamina Rosneft Pengolahan dan Petrokimia which provide such shareholders with joint control over significant financial and operating policies. With respect to non-controlling rights, the Group does not have control over the significant financial and operating policies of PT Nusantara Regas, PT Perta-Samtan Gas, PT Perta Daya Gas, PT Indo Thai Trading and PT Pertamina Rosneft Pengolahan dan Petrokimia even though the Group has more than 50% of share ownership.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Group's consolidated financial statements were completed and authorized for issuance by the Company's Board of Directors on February 13, 2018.

The accounting and financial reporting policies adopted by the Group conform to the Indonesian financial accounting standards, which are based on Indonesian Statements of Financial Accounting Standards ("SFAS"). The accounting policies were applied consistently in the preparation of the consolidated financial statements as of December 31, 2017 and 2016 by the Group.

a. Basis of preparation of the consolidated financial statements

The consolidated financial statements have been prepared on the accrual basis and the measurement basis used is historical cost, except for certain accounts which requires different measurement as disclosed on each accounts accounting policies.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING
(lanjutan)**

a. Dasar penyusunan laporan keuangan konsolidasian (lanjutan)

Laporan arus kas konsolidasian disusun dengan menggunakan metode langsung dan mengklasifikasikan arus kas menjadi kegiatan operasi, investasi dan pendanaan.

Laporan keuangan konsolidasian disajikan dalam ribuan Dolar Amerika Serikat (US\$ atau Dolar AS), mata uang fungsional Grup, kecuali dinyatakan lain.

b. Perubahan kebijakan akuntansi dan pengungkapan

i. Penerapan dari standar dan interpretasi baru/revisi berikut, tidak menimbulkan perubahan besar terhadap kebijakan akuntansi Grup dan efek material terhadap laporan keuangan konsolidasian

Standar baru, revisi terhadap standar yang telah ada dan interpretasi berikut ini, telah diterbitkan dan wajib untuk diterapkan untuk pertama kali untuk tahun buku Grup yang dimulai pada atau setelah tanggal 1 Januari 2017 atau periode setelahnya. Grup telah mengadopsinya tetapi tidak ada dampak signifikan terhadap bisnis Grup saat ini.

- Amendemen PSAK 1 (2015): Penyajian Laporan Keuangan
- PSAK 3 (Penyesuaian 2016): Laporan keuangan Interim
- PSAK 24 (Penyesuaian 2016): Imbalan Kerja
- PSAK 58 (Penyesuaian 2016): Aset Tidak Lancar yang Dimiliki untuk Dijual dan Operasi yang Dihentikan
- PSAK 60 (Penyesuaian 2016): Instrumen Keuangan: Pengungkapan
- ISAK 31: Interpretasi atas Ruang Lingkup PSAK 13: Properti Investasi

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis of preparation of the consolidated financial statements (continued)

The consolidated statements of cash flows have been prepared based on the direct method by classifying the cash flows into operating, investing and financing activities.

The consolidated financial statements are presented in thousands of US Dollars (US\$), which is also the Group's functional currency, unless otherwise stated.

b. Changes in accounting policies and disclosure

i. The adoption of these new/revised standards and interpretations did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported in the consolidated financial statements

The following new standards, amendments to existing standards and interpretations have been published and are mandatory for the first time adoption for the Group's financial year beginning on January 1, 2017 or later periods. The Group has adopted them but they have no significant impact to the Group's business.

- Amendment to SFAS 1 (2015): Presentation of Financial Statement
- SFAS 3 (Improvement 2016): Interim Financial Reporting
- SFAS 24 (Improvement 2016): Employee Benefit
- SFAS 58 (Improvement 2016): Non-current Assets Held for Sale and Discontinued Operation
- SFAS 60 (Improvement 2016): Financial Instruments: Disclosures
- IFAS 31: Interpretation for Scope of SFAS 13: Investment Properties

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**2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING
(lanjutan)**

**b. Perubahan kebijakan akuntansi dan
pengungkapan (lanjutan)**

**ii. Standar baru, revisi dan interpretasi
yang telah diterbitkan, namun belum
berlaku efektif**

Berikut ini adalah beberapa standar akuntansi yang telah disahkan oleh Dewan Standar Akuntansi Keuangan ("DSAK") yang dipandang relevan terhadap pelaporan keuangan Grup namun belum berlaku efektif untuk laporan keuangan konsolidasian 31 Desember 2017 dan untuk tahun yang berakhir pada tanggal tersebut:

Berlaku efektif 1 Januari 2018

- Amendemen PSAK 2: Laporan Arus Kas tentang Prakarsa Pengungkapan yang mensyaratkan entitas untuk menyediakan pengungkapan yang memungkinkan pengguna laporan keuangan untuk mengevaluasi perubahan pada liabilitas yang timbul dari aktivitas pendanaan, termasuk perubahan yang timbul dari arus kas maupun perubahan non-kas. Penerapan dini amendemen ini diperkenankan.
- Penyesuaian PSAK 15: Investasi pada Entitas Asosiasi dan Ventura Bersama yang mengklarifikasi bahwa pada saat pengakuan awal, entitas dapat memilih untuk mengukur investasinya pada nilai wajar atas dasar investasi-per-investasi.
- Amendemen PSAK 46: Pajak Penghasilan tentang Pengakuan Aset Pajak Tangguhan untuk Rugi yang Belum Direalisasi, yang mengklarifikasi penentuan apakah laba kena pajak akan tersedia sehingga perbedaan temporer yang dapat dikurangkan dapat dimanfaatkan; estimasi atas kemungkinan besar laba kena pajak masa depan dapat mencakup pemulihan beberapa aset entitas melebihi jumlah tercatatnya. Penerapan dini amendemen diperkenankan.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

**b. Changes in accounting policies and
disclosure (continued)**

**ii. New standards, amendments and
interpretations issued but not yet
effective**

The following are several accounting standards issued by the Indonesian Financial Accounting Standards Board ("DSAK") that are considered relevant to the financial reporting of the Group but not yet effective for consolidated financial statements as of December 31, 2017 and for the year then ended:

Effective January 1, 2018

- Amendment to SFAS 2: Statement of Cash Flows on the Disclosures Initiative, which requires entities to provide disclosures that enable the financial statements users to evaluate the changes in liabilities arising from financing activities, including changes from cash flow and non-cash. Earlier application of this amendment is permitted.
- Improvement to SFAS 15: Investment in Associate and Joint Venture which clarifies that at initial recognition, an entity may elect to measure its investment at fair value on an investment-per-investment basis.
- Amendment to SFAS 46: Income Taxes on the Recognition of Deferred Tax Assets for Unrealized Losses, which clarifies the determination of whether the taxable income will be available so that the deductible temporary differences can be utilized; estimates of the most likely future taxable income can include recovery of certain assets of the entity exceeds its carrying amount. Earlier application of this amendment is permitted.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING
(lanjutan)**

**b. Perubahan kebijakan akuntansi dan
pengungkapan (lanjutan)**

**ii. Standar baru, revisi dan interpretasi
yang telah diterbitkan, namun belum
berlaku efektif (lanjutan)**

**Berlaku efektif 1 Januari 2018
(lanjutan)**

- Penyesuaian PSAK 67: Pengungkapan Kepentingan dalam Entitas Lain yang mengklarifikasi bahwa persyaratan pengungkapan dalam PSAK 67, diterapkan pada setiap kepentingan dalam entitas yang diklasifikasikan sesuai dengan PSAK 58: Aset Tidak Lancar yang Dikuasai untuk Dijual dan Operasi yang Dihentikan.

Berlaku efektif 1 Januari 2020

- PSAK 71: Instrumen Keuangan, yang merevisi persyaratan terkait klasifikasi dan pengukuran instrumen keuangan, termasuk model kerugian kredit ekspektasian untuk menghitung penurunan nilai aset keuangan, dan persyaratan akuntansi lindung nilai secara umum yang baru. Penerapan dini PSAK ini diperkenankan.
- Amendemen PSAK 62: Kontrak Asuransi yang merupakan amendemen lanjutan dikarenakan penerbitan PSAK 71. Standar yang diamandemen memberikan petunjuk bagi entitas yang mengeluarkan kontrak asuransi tentang bagaimana menerapkan PSAK 71.
- PSAK 72: Pendapatan dari Kontrak dengan Pelanggan yang menetapkan kerangka yang komprehensif untuk menentukan bagaimana, kapan dan berapa besar pendapatan dapat diakui. PSAK 72 menggantikan sejumlah standar akuntansi pendapatan yang ada saat ini, termasuk PSAK 23: Pendapatan, PSAK 34: Kontrak Konstruksi dan ISAK 10: Program Loyalitas Pelanggan. Penerapan dini PSAK ini diperkenankan.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

**b. Changes in accounting policies and
disclosure (continued)**

**ii. New standards, amendments and
interpretations issued but not yet
effective (continued)**

Effective January 1, 2018 (continued)

- Improvement to SFAS 67: Disclosure of Interest in Other Entities, which clarifies that the disclosure requirements in SFAS 67, are also applied to any interest in an entity classified in accordance with SFAS 58: Non-Current Assets Purchased for Sale and Discontinued Operations.

Effective January 1, 2020

- SFAS 71: Financial Instruments, which revised the requirements related to the classification and measurement of financial instruments, including the expectation credit loss model for calculation of impairment of financial assets, and new general hedging accounting requirements. Earlier application of this SFAS is permitted.
- Amendment of SFAS 62: Insurance Contract, effective January 1, 2020 which is a consequential amendment due to the issuance of SFAS 71. The amended standard provides guidance for entity who's issuing insurance contract, especially insurance company, on how to implementing SFAS 71.
- SFAS 72: Revenue from Contracts with Customers which sets out a comprehensive framework to determine how, when and how much revenue can be recognized. SFAS 72 supersedes some current revenue accounting standards, including SFAS 23: Revenue, SFAS 34: Construction Contracts and IFAS 10: Customer Loyalty Programs. Earlier application of this SFAS is permitted.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING
(lanjutan)**

**b. Perubahan kebijakan akuntansi dan
pengungkapan (lanjutan)**

**ii. Standar baru, revisi dan interpretasi
yang telah diterbitkan, namun belum
berlaku efektif (lanjutan)**

**Berlaku efektif 1 Januari 2020
(lanjutan)**

- PSAK 73: Sewa, berlaku efektif 1 Januari 2020 dengan penerapan ini diperkenankan khusus bagi entitas yang telah menerapkan PSAK 72 yang menetapkan prinsip pengakuan, pengukuran, penyajian, dan pengungkapan atas sewa dengan memperkenalkan model akuntansi tunggal khususnya untuk penyewa. Penyewa disyaratkan untuk mengakui aset hak-guna dan liabilitas sewa.
- Amendemen PSAK 15: Investasi pada Entitas Asosiasi dan Ventura Bersama tentang Kepentingan Jangka Panjang pada Entitas Asosiasi dan Ventura Bersama yang mengatur bahwa entitas juga menerapkan PSAK 71 atas instrumen keuangan pada entitas asosiasi atau ventura bersama dimana metode ekuitas tidak diterapkan. Hal ini termasuk kepentingan jangka panjang yang secara substansi membentuk bagian investasi neto entitas pada entitas asosiasi atau ventura bersama. Penerapan ini amendemen ini diperkenankan.
- Amendemen PSAK 71: Instrumen Keuangan tentang Fitur Percepatan Pelunasan dengan Kompensasi Negatif yang mengatur bahwa aset keuangan dengan fitur percepatan pelunasan yang dapat menghasilkan kompensasi negatif memenuhi kualifikasi sebagai arus kas kontraktual yang berasal semata dari pembayaran pokok dan bunga. Penerapan ini amendemen ini diperkenankan.

Grup sedang mengevaluasi standar akuntansi tersebut dan belum menentukan dampaknya terhadap laporan keuangan konsolidasian.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

**b. Changes in accounting policies and
disclosure (continued)**

**ii. New standards, amendments and
interpretations issued but not yet
effective (continued)**

Effective January 1, 2020 (continued)

- SFAS 73: Lease, effective January 1, 2020 with earlier application is permitted only for entities that apply SFAS 72 which establishes the principles of recognition, measurement, presentation, and disclosure of leases by introducing a single accounting model specifically for lessee. Lessee are required to recognize right-of-use assets and lease liabilities.
- Amendment of SFAS 15: Long-term Interest in Associates and Joint Ventures which regulates that the Entity also implement SFAS 71 on financial instruments at associates and joint ventures when equity method is not applicable. This includes long-term interest which form net investment in associates and joint ventures substantially. Early application of this amendment is permitted.
- Amendment of SFAS 71: Financial Instruments regarding prepayment features with negative compensation which regulates that financial assets with prepayment features that can results negative compensation meets qualification as contractual cashflows that are solely payments of principal and interest. Early application of this amendment is permitted.

The Group is currently evaluating and has not yet determined the effects of these accounting standards on its consolidated financial statements.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING
(lanjutan)**

c. Prinsip konsolidasi

Laporan keuangan konsolidasian terdiri dari laporan keuangan Perusahaan dan entitas anaknya seperti dijelaskan pada Catatan 1b.

Entitas anak adalah entitas yang dikendalikan oleh Grup. Grup mengendalikan suatu entitas ketika Grup terekspos atau memiliki hak atas imbal hasil variabel dari keterlibatannya dengan entitas tersebut dan memiliki kemampuan untuk mempengaruhi imbal hasil tersebut melalui kekuasaannya atas entitas itu.

Grup menilai kembali apakah masih mengendalikan *investee* jika fakta dan keadaan mengindikasikan bahwa terdapat perubahan dalam satu atau lebih dari tiga elemen pengendalian. Konsolidasi atas entitas anak dimulai sejak tanggal Grup memperoleh pengendalian atas Entitas Anak dan berakhir ketika Grup kehilangan pengendalian atas entitas anak.

Perubahan dalam bagian kepemilikan Grup pada Entitas Anak yang tidak mengakibatkan hilangnya pengendalian Grup pada entitas anak dicatat sebagai transaksi ekuitas.

Ketika Grup kehilangan pengendalian pada Entitas Anak, maka Grup menghentikan pengakuan aset (termasuk *goodwill*), liabilitas, Kepentingan Nonpengendali ("KNP") dan komponen ekuitas lainnya serta mengakui keuntungan atau kerugian terkait dengan hilangnya pengendalian. Saldo investasi yang masih dimiliki diakui pada nilai wajarnya.

Laporan keuangan konsolidasian disusun dengan menggunakan kebijakan akuntansi yang sama untuk transaksi dan peristiwa lain dalam keadaan yang serupa. Jika anggota Grup menggunakan kebijakan akuntansi yang berbeda untuk transaksi dan peristiwa dalam keadaan yang serupa, maka penyesuaian dilakukan atas laporan keuangannya dalam penyusunan laporan keuangan konsolidasian.

Seluruh saldo akun dan transaksi yang signifikan antara Perusahaan dengan Entitas Anak telah dieliminasi untuk mencerminkan posisi keuangan dan hasil dari operasi Grup sebagai satu kesatuan bisnis.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

c. Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as described in Note 1b.

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the Subsidiary and ceases when the Group loses control of the subsidiary.

A change in the ownership interest of a Subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a Subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest ("NCI") and other components of equity while any resulting gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

The consolidated financial statements have been prepared using the same accounting policies for transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted for transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

All intercompany accounts and transactions between the Company and its Subsidiaries have been eliminated to reflect the financial position and the results of operations of the Group as one business entity.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING
(lanjutan)**

c. Prinsip konsolidasi (lanjutan)

KNP merupakan bagian atas laba atau rugi dan aset neto dari Entitas Anak yang diatribusikan kepada kepemilikan atas ekuitas yang secara langsung atau tidak langsung tidak dimiliki oleh Perusahaan, yang disajikan dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian dan sebagai ekuitas pada laporan posisi keuangan konsolidasian, terpisah dari bagian yang dapat diatribusikan kepada pemilik entitas induk.

Laba rugi dan setiap komponen dari penghasilan komprehensif lain ("OCI") diatribusikan kepada pemilik entitas Induk dari Grup dan KNP, meskipun hal tersebut mengakibatkan KNP memiliki saldo defisit.

Perusahaan mengklasifikasikan investasi pada PT Arun Natural Gas Liquefaction dan PT Badak Natural Gas Liquefaction sebagai investasi tersedia untuk dijual pada harga perolehan karena secara substansi Perusahaan tidak memiliki pengendalian pada kedua perusahaan tersebut sebab operasinya dikendalikan oleh para produsen gas bumi. Investasi ini diukur dengan menggunakan harga perolehan karena nilai wajarnya sulit untuk diukur secara handal.

d. Kombinasi Bisnis

Kombinasi bisnis dicatat dengan menggunakan metode akuisisi. Biaya perolehan dari suatu akuisisi diukur dari nilai agregat imbalan yang dialihkan, diukur pada nilai wajar pada tanggal akuisisi dan jumlah setiap KNP pada pihak yang diakuisisi. Untuk setiap kombinasi bisnis, pihak pengakuisisi mengukur KNP pada entitas yang diakuisisi pada nilai wajar atau pada proporsi kepemilikan KNP atas aset neto yang teridentifikasi dari entitas yang diakuisisi. Biaya-biaya akuisisi yang timbul dibebankan langsung dan dicatat dalam "Beban Penjualan, Umum dan Administrasi".

Ketika Grup melakukan akuisisi atas sebuah bisnis, Grup mengklasifikasikan dan menentukan aset keuangan dan liabilitas keuangan yang diambil alih berdasarkan pada persyaratan kontraktual, kondisi ekonomi dan kondisi terkait lainnya yang ada pada tanggal akuisisi. Hal ini termasuk pemisahan atas derivatif yang melekat pada kontrak utama oleh pihak yang diakuisisi.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

c. Principles of consolidation (continued)

NCI represents the portion of the profit or loss and net assets of the Subsidiaries attributable to equity interests that are not owned directly or indirectly by the Company, which are presented in the consolidated statement of profit or loss and other comprehensive income and under the equity section of the consolidated statement of financial position, respectively, separately from the corresponding portion attributable to the equity holders of the parent company.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the NCI, even if this results in the NCI having a deficit balance.

The Company classified its investments in PT Arun Natural Gas Liquefaction and PT Badak Natural Gas Liquefaction as available-for-sale at cost because the Company, in substance, does not control those companies as its operations are controlled by the natural gas producers. These investments are measured at cost since their fair values are not reliably measurable.

d. Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any NCI in the acquiree. For each business combination, the acquirer measures the NCI in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are directly expensed and included in "Selling, General and Administrative Expenses".

When the Group acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING
(lanjutan)**

d. Kombinasi Bisnis (lanjutan)

Dalam suatu kombinasi bisnis yang dilakukan secara bertahap, pihak pengakuisisi mengukur kembali kepemilikan atas ekuitas yang dimiliki sebelumnya pada pihak yang diakuisisi berdasarkan nilai wajar pada tanggal akuisisi dan mengakui keuntungan atau kerugian yang terjadi dalam laba rugi.

Imbalan kontinjensi yang akan dibayarkan oleh pihak pengakuisisi diakui pada nilai wajar pada tanggal akuisisi. Perubahan nilai wajar atas imbalan kontinjensi setelah tanggal akuisisi yang diklasifikasikan sebagai aset atau liabilitas, akan diakui dalam laporan laba rugi atau sebagai pendapatan komprehensif lain sesuai dengan PSAK No. 55 (Revisi 2014). Jika diklasifikasikan sebagai ekuitas, imbalan kontinjensinya tidak diukur kembali sampai penyelesaian terakhir dalam ekuitas.

Pada tanggal akuisisi, pertama kali *goodwill* diukur pada harga perolehan yang merupakan selisih lebih nilai agregat dari imbalan yang dibayarkan dan jumlah yang diakui untuk KNP dibandingkan dengan jumlah dari aset teridentifikasi dan liabilitas yang diperoleh. Jika imbalan tersebut kurang dari nilai wajar aset neto Entitas Anak yang diakuisisi, selisih tersebut diakui dalam laporan laba rugi.

Setelah pengakuan awal, *goodwill* diukur pada jumlah tercatat dikurangi akumulasi kerugian penurunan nilai, jika ada. Untuk tujuan uji penurunan nilai, *goodwill* yang diperoleh dari suatu kombinasi bisnis dialokasikan sejak tanggal akuisisi kepada setiap unit penghasil kas ("UPK") dari Grup yang diharapkan akan memperoleh manfaat dari kombinasi tersebut, terlepas dari apakah aset atau liabilitas lain dari pihak yang mengakuisisi dialokasikan kepada UPK tersebut.

Jika *goodwill* telah dialokasikan pada suatu UPK dan operasi tertentu dalam UPK tersebut dilepas, maka *goodwill* yang terasosiasi dengan operasi yang dilepas tersebut dimasukkan dalam jumlah tercatat operasi tersebut ketika menentukan keuntungan atau kerugian dari pelepasan operasi. *Goodwill* yang dilepaskan tersebut diukur berdasarkan nilai relatif operasi yang dilepas dan porsi UPK yang ditahan.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

d. Business Combinations (continued)

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with PSAK No. 55 (Revised 2014) either in profit or loss or as other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

At acquisition date, goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for NCI over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the Subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated from the acquisition date to each of the Group's cash-generating units ("CGU") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquirer are assigned to those CGUs.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING
(lanjutan)**

d. Kombinasi Bisnis (lanjutan)

Sesuai dengan ketentuan dalam PSAK No. 22 (Revisi 2015), apabila proses akuntansi awal untuk kombinasi bisnis belum selesai pada akhir periode pelaporan pada saat kombinasi terjadi, Kelompok Usaha melaporkan jumlah sementara untuk pos-pos yang proses akuntansinya belum selesai dalam laporan keuangan konsolidasian. Selama periode pengukuran, Kelompok Usaha menyesuaikan secara retrospektif jumlah sementara yang diakui pada tanggal akuisisi untuk mencerminkan informasi baru yang diperoleh tentang fakta dan keadaan yang ada pada tanggal akuisisi dan, jika diketahui telah berdampak pada pengukuran jumlah yang diakui pada tanggal tersebut.

e. Transaksi-transaksi pihak berelasi

Perusahaan melakukan transaksi dengan pihak berelasi sesuai PSAK 7 (Revisi 2015): Pengungkapan Pihak-Pihak Berelasi. Seluruh transaksi dan saldo yang material dengan pihak berelasi diungkapkan dalam catatan atas laporan keuangan konsolidasian.

f. Kas dan setara kas

Kas dan setara kas termasuk kas, bank dan semua deposito berjangka yang jatuh tempo dalam tiga bulan atau kurang sejak tanggal penempatan dan tidak digunakan sebagai jaminan atau tidak dibatasi penggunaannya.

Untuk tujuan penyusunan laporan arus kas, kas dan setara kas disajikan setelah dikurangi cerukan.

Kas dan setara kas yang dibatasi penggunaannya yang akan digunakan untuk membayar liabilitas yang akan jatuh tempo dalam waktu satu tahun disajikan sebagai Kas yang dibatasi penggunaannya dan disajikan sebagai bagian dari Aset Lancar. Kas dan setara kas yang dibatasi penggunaannya untuk membayar liabilitas yang akan jatuh tempo dalam waktu lebih dari satu tahun dari tanggal laporan posisi keuangan konsolidasian disajikan dalam Aset tidak lancar lainnya dan disajikan sebagai bagian dari Aset Tidak Lancar.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

d. Business Combinations (continued)

In accordance with the provision of PSAK No. 22 (Revised 2015), if the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group shall report in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date.

e. Related party transactions

The Company enters into transactions with related parties as defined in SFAS 7 (Revised 2015): Related Party Disclosures. All significant transactions and balances with related parties are disclosed in the notes to these consolidated financial statements.

f. Cash and cash equivalents

Cash and cash equivalents are cash on hand, cash in banks and time deposits with maturity periods of three months or less at the time of placement and which are not used as collateral or are not restricted.

For the purpose of the statement of cash flows, cash and cash equivalents are presented net of overdrafts.

Cash and cash equivalents which are restricted for repayment of currently maturing obligations are presented as Restricted cash under the Current Assets section, while Cash and cash equivalents which are restricted to repay obligations maturing after one year from the date of consolidated statement of financial position are presented as part of Other non-current assets under the Non-Current Assets section.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING
(lanjutan)**

g. Instrumen keuangan

I. Aset keuangan

Pengakuan awal

Aset keuangan diklasifikasikan sebagai aset keuangan yang diukur pada nilai wajar melalui laba rugi, pinjaman yang diberikan dan piutang, investasi dimiliki hingga jatuh tempo, aset keuangan tersedia untuk dijual, atau sebagai derivatif yang ditetapkan sebagai instrumen lindung nilai dalam lindung nilai yang efektif. Pengklasifikasian ini tergantung pada hakekat dan tujuan aset keuangan diperoleh dan ditetapkan pada saat pengakuan awal. Tidak terdapat klasifikasi aset keuangan Grup sebagai aset keuangan yang dimiliki hingga jatuh tempo ("HTM").

Aset keuangan pada awalnya diakui pada nilai wajar, dan dalam hal aset keuangan yang tidak diakui pada nilai wajar melalui laba rugi, ditambah dengan biaya transaksi yang dapat diatribusikan secara langsung.

Pengukuran setelah pengakuan

Pengukuran setelah pengakuan awal atas aset keuangan bergantung pada klasifikasi sebagai berikut:

- Aset keuangan yang diukur pada nilai wajar melalui laba rugi

Aset keuangan yang diukur pada nilai wajar melalui laba rugi termasuk aset keuangan untuk diperdagangkan dan aset keuangan yang ditetapkan pada saat pengakuan awal untuk diukur pada nilai wajar melalui laba rugi.

- Pinjaman yang diberikan dan piutang

Pinjaman yang diberikan dan piutang adalah aset keuangan non derivatif dengan pembayaran tetap atau telah ditentukan, yang tidak mempunyai kuota di pasar aktif.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

g. Financial instruments

I. Financial assets

Initial recognition

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge. The classification depends on the nature and purpose for which the asset was acquired and is determined at the time of initial recognition. The Group has not classified any of its financial assets as held to maturity ("HTM").

Financial assets are recognized initially at fair value, and in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs are added to the fair value.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

- Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss.

- Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING
(lanjutan)**

g. Instrumen keuangan (lanjutan)

I. Aset keuangan (lanjutan)

Pengukuran setelah pengakuan
(lanjutan)

- Aset keuangan tersedia untuk dijual

Aset keuangan tersedia untuk dijual adalah aset keuangan nonderivatif yang ditetapkan sebagai tersedia untuk dijual atau yang tidak diklasifikasikan dalam dua kategori sebelumnya. Setelah pengukuran awal, aset keuangan tersedia untuk dijual diukur dengan nilai wajar dengan keuntungan atau kerugian yang belum terealisasi diakui dalam ekuitas sampai investasi tersebut dihentikan pengakuannya. Pada saat itu, keuntungan atau kerugian kumulatif yang sebelumnya diakui dalam ekuitas akan direklasifikasi ke laporan laba rugi dan penghasilan komprehensif lain konsolidasian sebagai penyesuaian reklasifikasi.

Penghentian pengakuan

Penghentian pengakuan atas suatu aset keuangan, atau, bila dapat diterapkan untuk bagian dari aset keuangan atau bagian dari kelompok aset keuangan serupa, terjadi bila:

- i. hak kontraktual atas arus kas yang berasal dari aset keuangan tersebut berakhir; atau
- ii. Grup telah mengalihkan hak untuk menerima arus kas yang berasal dari aset keuangan tersebut atau menanggung kewajiban untuk membayar arus kas yang diterima tersebut tanpa penundaan yang signifikan kepada pihak ketiga melalui suatu kesepakatan penyerahan dan (a) Grup secara substansial memindahkan seluruh risiko dan manfaat atas kepemilikan aset keuangan tersebut, atau (b) Grup secara substansial tidak memindahkan dan tidak memiliki seluruh risiko dan manfaat atas kepemilikan aset keuangan tersebut, namun telah memindahkan pengendalian atas aset keuangan tersebut.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

g. Financial instruments (continued)

I. Financial assets (continued)

Subsequent measurement (continued)

- Available-for-sale (“AFS”) financial assets

AFS financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the two preceding categories. After initial measurement, AFS financial assets are measured at fair value with unrealized gains or losses recognized in equity until the investment is derecognized. At that time, the cumulative gain or loss previously recognized in equity is reclassified to the consolidated statement of profit or loss and other comprehensive income as a reclassification adjustment.

Derecognition

A financial asset, or where applicable, a part of a financial asset or part of a group of similar financial assets, is derecognized when:

- i. the contractual rights to receive cash flows from the asset have expired; or
- ii. the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement, and either (a) the Group has transferred substantially all the risks and rewards of the financial asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING
(lanjutan)**

g. Instrumen keuangan (lanjutan)

II. Liabilitas keuangan

Pengakuan awal

Liabilitas keuangan diklasifikasikan sebagai liabilitas keuangan yang diukur pada nilai wajar melalui laba rugi dan liabilitas keuangan lainnya. Grup menentukan klasifikasi liabilitas keuangan pada saat pengakuan awal.

Liabilitas keuangan pada awalnya diukur pada nilai wajar dan, dalam hal liabilitas keuangan yang diukur dengan biaya perolehan diamortisasi, ditambah biaya transaksi yang dapat diatribusikan secara langsung.

Liabilitas keuangan Grup yang dikategorikan sebagai liabilitas keuangan lainnya meliputi pinjaman jangka pendek, utang usaha, utang Pemerintah, beban akrual, liabilitas jangka panjang, utang lain-lain, utang obligasi dan utang jangka panjang lain-lain.

Pengukuran setelah pengakuan awal

Pengukuran liabilitas keuangan tergantung pada klasifikasinya sebagai berikut:

- Liabilitas keuangan yang diukur pada nilai wajar melalui laba rugi

Liabilitas keuangan yang diukur pada nilai wajar melalui laba rugi termasuk liabilitas keuangan untuk diperdagangkan dan liabilitas keuangan yang ditetapkan pada saat pengakuan awal untuk diukur pada nilai wajar melalui laba rugi.

Liabilitas keuangan diklasifikasikan sebagai kelompok diperdagangkan jika mereka diperoleh untuk tujuan dijual atau dibeli kembali dalam waktu dekat. Liabilitas derivatif juga diklasifikasikan sebagai kelompok diperdagangkan kecuali mereka ditetapkan sebagai instrumen lindung nilai efektif.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

g. Financial instruments (continued)

II. Financial liabilities

Initial recognition

Financial liabilities are classified as financial liabilities at fair value through profit or loss and other financial liabilities. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognized initially at fair value and, in the case of financial liabilities recognized at amortized cost, include directly attributable transaction costs.

The Group's financial liabilities which are classified as other financial liabilities include short-term loans, trade payables, due to the Government, accrued expenses, long-term liabilities, other payables, bonds payable and other non-current payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

- *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivative liabilities are also classified as held for trading unless they are designated as effective hedging instruments.

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(lanjutan)**

g. Instrumen keuangan (lanjutan)

II. Liabilitas keuangan (lanjutan)

- Liabilitas keuangan yang diukur pada nilai wajar melalui laba rugi (lanjutan)

Keuntungan atau kerugian atas liabilitas yang dimiliki untuk diperdagangkan diakui dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian.

- Liabilitas keuangan pada biaya perolehan diamortisasi

Setelah pengakuan awal, liabilitas keuangan yang diukur pada biaya perolehan diamortisasi yang dikenakan bunga selanjutnya diukur pada biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif ("SBE"). Pada tanggal pelaporan, biaya akrual bunga dicatat secara terpisah dari pokok pinjaman terkait dalam bagian liabilitas lancar. Keuntungan dan kerugian diakui dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian ketika liabilitas dihentikan pengakuannya serta melalui proses amortisasi menggunakan metode SBE.

Penghentian pengakuan

Ketika sebuah liabilitas keuangan ditukar dengan liabilitas keuangan lain dari pemberi pinjaman yang sama atas persyaratan yang secara substansial berbeda, atau bila persyaratan dari liabilitas keuangan tersebut secara substansial dimodifikasi, pertukaran atau modifikasi persyaratan tersebut dicatat sebagai penghentian pengakuan liabilitas keuangan awal dan pengakuan liabilitas keuangan baru, dan selisih antara nilai tercatat masing-masing liabilitas keuangan tersebut diakui dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian.

Liabilitas keuangan dihentikan pengakuannya pada saat liabilitas tersebut dihentikan atau dibatalkan atau kadaluarsa.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

g. Financial instruments (continued)

II. Financial liabilities (continued)

- Financial liabilities at fair value through profit or loss (continued)

Gains or losses on liabilities held for trading are recognized in the consolidated statement of profit or loss and other comprehensive income.

- Financial liabilities at amortized cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at cost using the effective interest rate ("EIR") method. At the reporting date, the accrued interest is recorded separately from the respective principal loans as part of current liabilities. Gains and losses are recognized in the consolidated statement of profit or loss and other comprehensive income when the liabilities are derecognized as well as through the amortization process using the EIR method.

Derecognition

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss and other comprehensive income.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

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(lanjutan)**

g. Instrumen keuangan (lanjutan)

II. Liabilitas keuangan (lanjutan)

Metode suku bunga efektif ("SBE")

Metode SBE adalah metode yang digunakan untuk menghitung biaya perolehan diamortisasi dari aset keuangan dan mengalokasikan pendapatan bunga selama periode yang relevan.

III. Saling hapus antar instrumen keuangan

Aset keuangan dan liabilitas keuangan disajikan secara saling hapus dan nilai netonya disajikan dalam laporan posisi keuangan konsolidasian, jika terdapat hak yang berkekuatan hukum untuk melakukan saling hapus atas jumlah yang telah diakui tersebut dan ada niat untuk menyelesaikan secara neto, atau merealisasikan aset dan menyelesaikan liabilitas secara simultan.

IV. Instrumen keuangan derivatif dan akuntansi lindung nilai

Grup menggunakan instrumen keuangan kontrak *forward* dan *option* mata uang asing untuk melakukan lindung nilai atas risiko mata uang asing. Instrumen keuangan tersebut pada awalnya diakui sebesar nilai wajar pada tanggal kontrak derivatif dimulai dan selanjutnya diukur kembali pada nilai wajar. Derivatif dicatat sebagai aset keuangan saat nilai wajarnya positif dan sebagai liabilitas keuangan saat nilai wajarnya negatif.

Perusahaan mempunyai kontrak *forward* dan *option* antar mata uang yang digunakan sebagai lindung nilai atas eksposur perubahan dalam arus kas sehubungan dengan perubahan nilai tukar mata uang asing. Kontrak *forward* dan *option* tersebut tidak memenuhi persyaratan akuntansi lindung nilai.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

g. Financial instruments (continued)

II. Financial liabilities (continued)

Effective interest Rate ("EIR") method

The EIR method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period.

III. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position, when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

IV. Derivative financial instruments and hedge accounting

The Group uses derivative foreign currency forward and option contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Company entered into forward and currency option contracts that are used as a hedge for the exposure to changes in cash flows relating to interest payments and bonds repayment due to changes in foreign exchange rates. Such forward and option contracts do not meet the criteria of hedge accounting.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING
(lanjutan)**

h. Penurunan nilai dari aset keuangan

**(i). Aset yang dicatat berdasarkan biaya
perolehan diamortisasi**

Pada setiap akhir periode pelaporan, Grup mengevaluasi apakah terdapat bukti yang objektif bahwa aset keuangan atau suatu kelompok aset keuangan mengalami penurunan nilai.

Kriteria yang digunakan Grup untuk menentukan bahwa ada bukti objektif dari suatu penurunan nilai meliputi:

- debitur gagal membayar atau menunggak pembayaran;
- kesulitan keuangan signifikan yang dialami debitur;
- pelanggaran kontrak, seperti terjadinya wanprestasi atau tunggakan pembayaran pokok atau bunga;
- pemberi pinjaman, dengan alasan ekonomi atau hukum sehubungan dengan kesulitan keuangan yang dialami pihak peminjam, memberikan keringanan kepada pihak peminjam yang tidak mungkin diberikan jika pihak peminjam tidak mengalami kesulitan tersebut;
- terdapat kemungkinan besar bahwa debitur akan dinyatakan pailit atau melakukan reorganisasi keuangan lainnya;
- hilangnya pasar aktif dari aset keuangan akibat kesulitan keuangan; atau
- data yang dapat diobservasi mengindikasikan adanya penurunan yang dapat diukur atas estimasi arus kas masa depan dari kelompok aset keuangan sejak pengakuan awal aset dimaksud, meskipun penurunannya belum dapat diidentifikasi ke aset keuangan secara individual dalam kelompok aset tersebut, termasuk antara lain:
 - memburuknya status pembayaran pihak peminjam dalam kelompok tersebut; dan
 - kondisi ekonomi nasional atau lokal yang berkorelasi dengan wanprestasi atas aset dalam kelompok tersebut.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

h. Impairment of financial assets

(i). Assets carried at amortized cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- *default or delinquency in payments by the debtor;*
- *significant financial difficulty of the debtor;*
- *a breach of contract, such as a default or delinquency in interest or principal payments;*
- *the lenders, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lenders would not otherwise consider;*
- *the probability that the debtor will enter bankruptcy or other financial reorganisation;*
- *the disappearance of an active market for that financial asset because of financial difficulties; or*
- *observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be traced to the individual financial assets in the portfolio, including:*
 - *adverse changes in the payment status of borrowers in the portfolio; and*
 - *national or local economic conditions that correlate with defaults on the assets in the portfolio.*

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(lanjutan)**

**h. Penurunan nilai dari aset keuangan
(lanjutan)**

**(i). Aset yang dicatat berdasarkan biaya
perolehan diamortisasi (lanjutan)**

Jika terdapat bukti objektif bahwa kerugian penurunan nilai telah terjadi, maka jumlah kerugian tersebut diukur sebesar selisih nilai tercatat aset dengan nilai kini estimasi arus kas masa depan (tidak termasuk kerugian kredit di masa depan yang belum terjadi) yang didiskonto dengan menggunakan SBE awal dari aset tersebut. Nilai tercatat aset tersebut dikurangi, baik secara langsung maupun menggunakan pos provisi. Jumlah kerugian yang terjadi diakui pada laporan laba rugi.

Jika, pada periode berikutnya, jumlah kerugian penurunan nilai berkurang dan pengurangan tersebut dapat dikaitkan secara objektif dengan peristiwa yang terjadi setelah penurunan nilai diakui (seperti meningkatnya peringkat kredit debitur), maka kerugian penurunan nilai yang sebelumnya diakui akan dipulihkan, baik secara langsung, atau dengan menyesuaikan pos provisinya. Jumlah pemulihan tersebut diakui pada laporan laba rugi dan jumlahnya tidak boleh mengakibatkan nilai tercatat aset keuangan melebihi biaya perolehan diamortisasi pada tanggal pemulihan dilakukan seandainya tidak ada penurunan nilai.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

h. Impairment of financial assets (continued)

**(i). Assets carried at amortized cost
(continued)**

If there is an objective evidence that an impairment loss has occurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original EIR. The carrying amount of the asset is reduced either directly or through the use of a provision account. The amount of the loss is recognized in the profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss will be reversed either directly or by adjusting the provision account. The reversal amount is recognized in the profit or loss and the amount cannot exceed what the amortized cost would have been had the impairment not been recognized at the date the impairment was reversed.

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(lanjutan)**

**h. Penurunan nilai dari aset keuangan
(lanjutan)**

(ii). Aset yang tersedia untuk dijual

Ketika penurunan nilai wajar atas aset keuangan yang diklasifikasikan dalam kelompok tersedia untuk dijual telah diakui secara langsung dalam ekuitas dan aset tersebut mengalami penurunan nilai yang signifikan dan dalam jangka panjang atau terdapat bukti yang objektif bahwa aset tersebut mengalami penurunan nilai, maka kerugian kumulatif yang sebelumnya diakui secara langsung dalam ekuitas harus dikeluarkan dari ekuitas dan diakui pada laporan laba rugi meskipun aset keuangan tersebut belum dihentikan pengakuannya. Jumlah kerugian kumulatif yang dikeluarkan dari ekuitas dan diakui pada laporan laba rugi merupakan selisih antara biaya perolehan dengan nilai wajar kini, dikurangi kerugian penurunan nilai aset keuangan yang sebelumnya telah diakui pada laporan laba rugi.

Kerugian penurunan nilai atas instrumen ekuitas yang telah diakui pada laporan laba rugi tidak dapat dipulihkan melalui laporan laba rugi.

i. Piutang

Piutang usaha dan piutang lain-lain pada awalnya diakui sebesar nilai wajar dan kemudian diukur pada biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif, dikurangi dengan penyisihan untuk penurunan nilai. Jika piutang diharapkan tertagih dalam satu tahun atau kurang (atau dalam siklus normal operasi dari bisnis jika lebih lama), piutang tersebut dikelompokkan sebagai aset lancar. Jika lebih, piutang tersebut disajikan sebagai aset tidak lancar.

j. Persediaan

Persediaan minyak mentah dan persediaan produk minyak dinilai berdasarkan nilai terendah antara biaya perolehan atau nilai realisasi neto.

Biaya perolehan ditentukan berdasarkan metode rata-rata dan termasuk semua biaya pembelian, biaya konversi dan biaya lain yang terjadi untuk membawa persediaan ke tempat dan kondisi saat ini.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

h. Impairment of financial assets (continued)

(ii). Assets classified as available for sale

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity and the decline is significant and prolonged or when there is objective evidence that the assets were impaired, the cumulative loss that had been recognized in equity will be reclassified from equity to the profit or loss even though the financial asset has not been derecognized. The amount of the cumulative loss that is reclassified from equity to the profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the profit or loss.

The impairment loss recognized in the profit or loss on equity instrument cannot be reversed through the profit or loss.

i. Receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for any impairment. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. Otherwise, these are classified as non-current assets.

j. Inventories

Crude oil and oil product inventories are recognized at the lower of cost or net realizable value.

Cost is determined based on the average method and comprises all costs of purchases, costs of conversion and other costs incurred in bringing the inventory to its present location and current condition.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING
(lanjutan)**

j. Persediaan (lanjutan)

Nilai realisasi neto untuk produk BBM bersubsidi adalah berdasarkan nilai terendah antara harga ketetapan dan harga formula untuk bulan berikutnya.

Nilai realisasi neto untuk produk LPG tabung 3 kg adalah harga kontrak LPG Aramco ditambah biaya distribusi dan margin (*alpha*) dikurangi dengan estimasi biaya penyelesaian dan estimasi biaya untuk melakukan penjualan.

Persediaan material seperti suku cadang, bahan kimia dan sebagainya, dicatat berdasarkan metode rata-rata. Persediaan material tidak termasuk persediaan usang, tidak terpakai dan lambat pergerakannya yang disajikan dalam akun Aset lain-lain dan menjadi bagian dari Aset Tidak Lancar.

Penyisihan penurunan nilai persediaan usang, tidak terpakai dan lambat pergerakannya dilakukan berdasarkan analisis manajemen terhadap kondisi material tersebut pada akhir tahun.

k. Biaya dibayar di muka dan uang muka

Biaya dibayar di muka diamortisasi dengan menggunakan metode garis lurus selama periode manfaat masing-masing biaya.

l. Aset dimiliki untuk didistribusikan kepada Perusahaan

Aset dimiliki untuk didistribusikan kepada Perusahaan dinilai berdasarkan nilai yang lebih rendah antara nilai tercatat dan nilai wajar setelah dikurangi biaya pelepasan.

m. Penyertaan jangka panjang

(i) Investasi pada entitas asosiasi

Entitas asosiasi adalah seluruh entitas dimana Grup memiliki pengaruh signifikan namun bukan pengendalian, biasanya melalui kepemilikan hak suara antara 20% dan 50%. Investasi entitas asosiasi dicatat dengan metode ekuitas dan diakui awalnya sebesar harga perolehan. Nilai investasi Grup atas entitas asosiasi termasuk *goodwill* yang diidentifikasi ketika akuisisi, dikurangi akumulasi kerugian penurunan nilai.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

j. Inventories (continued)

The net realizable value of subsidized fuel products ("BBM") are recognized at the lower price of next month the Government decreed price and formula price.

The net realizable value of 3 kg LPG cylinders is the Aramco LPG contract price plus distribution costs and a margin (*alpha*), less the estimated costs of completion and the estimated costs necessary to make the sale.

Materials such as spare parts, chemicals and others are stated at average cost. Materials exclude obsolete, unusable and slow-moving materials which are recorded as part of Other assets under the Non-Current Assets section.

A provision for obsolete, unuseable and slow-moving materials is provided based on management's analysis of the condition of such materials at the end of the year.

k. Prepayments and advances

Prepayments are amortized on a straight-line basis over the estimated beneficial periods of the prepayments.

l. Assets held for distribution to the Company

Assets held for distribution to the Company are recognized at the lower of carrying amount and fair value less costs to sell.

m. Long-term investments

(i) Investments in associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING
(lanjutan)**

m. Penyertaan jangka panjang (lanjutan)

**(i) Investasi pada entitas asosiasi
(lanjutan)**

Bagian Grup atas laba atau rugi entitas asosiasi setelah akuisisi diakui dalam laporan laba rugi dan bagian atas penghasilan komprehensif lain setelah akuisisi diakui dalam penghasilan komprehensif lain.

Keuntungan dan kerugian dilusi yang timbul dari investasi entitas asosiasi diakui dalam laporan laba rugi.

(ii) Properti investasi

Properti investasi terdiri dari tanah dan bangunan yang dikuasai Grup untuk menghasilkan pendapatan sewa atau untuk kenaikan nilai, atau kedua-duanya dan tidak untuk digunakan dalam produksi atau penyediaan barang atau jasa atau untuk tujuan administratif atau dijual dalam kegiatan usaha normal.

Properti investasi diukur dengan menggunakan metode biaya, yang dinyatakan sebesar biaya perolehan termasuk biaya transaksi dikurangi akumulasi penyusutan dan kerugian penurunan nilai, jika ada, kecuali tanah yang tidak disusutkan. Biaya perolehan tersebut termasuk biaya penggantian bagian properti investasi, jika kriteria pengakuan terpenuhi dan tidak termasuk biaya operasi penggunaan properti tersebut.

Penyusutan bangunan dihitung dengan menggunakan metode garis lurus berkisar antara 10 sampai 25 tahun yang merupakan estimasi umur manfaat ekonomisnya.

Properti investasi dihentikan pengakuannya pada saat pelepasan atau ketika properti investasi tersebut ditarik dari penggunaannya lagi secara permanen dan tidak memiliki manfaat ekonomis di masa depan yang dapat diharapkan dari pelepasannya. Keuntungan atau kerugian yang timbul dari penghentian pengakuan atau pelepasan properti investasi diakui dalam laporan laba rugi dalam tahun terjadinya penghentian pengakuan atau pelepasan tersebut.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

m. Long-term investments (continued)

(i) Investments in associates (continued)

The Group's share of its associates' post-acquisition profits or losses is recognized in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in OCI.

Dilution gains and losses arising from investments in associates are recognized in the profit or loss.

(ii) Investment property

Investment property consists of land and buildings held by the Group to earn rental income or for capital appreciation, or both, rather than for use in the production or supply of goods or services, administrative purposes or sale in the normal course of business.

An investment property is measured using the cost model that is stated at cost including transaction costs less accumulated depreciation and impairment losses, if any, except for land which is not depreciated. Such cost includes the cost of replacing part of the investment property, if the recognition criteria are satisfied, and excludes operating expenses involving the use of such property.

Building depreciation is computed using the straight-line method over the estimated useful lives of buildings ranging from 10 to 25 years.

An investment property is derecognized upon disposal or when such investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising from the derecognition or disposal of investment property are recognized in the profit or loss in the year such derecognition or disposal occurs.

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(lanjutan)**

m. Penyertaan jangka panjang (lanjutan)

**(ii) Properti penyertaan jangka panjang
(lanjutan)**

Transfer ke properti investasi dilakukan jika terdapat perubahan penggunaan yang ditunjukkan dengan berakhirnya pemakaian oleh pemiliknya atau dimulainya sewa operasi ke pihak lain. Transfer dari properti investasi dilakukan jika terdapat perubahan penggunaan yang ditunjukkan dengan dimulainya penggunaan oleh pemilik.

Untuk transfer dari properti investasi ke properti yang digunakan sendiri, Grup menggunakan metode biaya pada tanggal perubahan penggunaan. Jika properti yang digunakan Grup menjadi properti investasi, Grup mencatat properti tersebut sesuai dengan kebijakan aset tetap sampai dengan saat tanggal terakhir perubahan penggunaannya.

n. Aset tetap

Pemilikan langsung

Tanah diakui sebesar biaya perolehan dan tidak disusutkan. Aset tetap pada awalnya diakui sebesar biaya perolehan dan selanjutnya, kecuali tanah, dicatat sebesar biaya perolehan dikurangi akumulasi penyusutan dan kerugian penurunan nilai.

Biaya-biaya setelah pengakuan awal diakui sebagai bagian nilai tercatat aset atau sebagai aset yang terpisah, hanya jika kemungkinan besar Grup mendapat manfaat ekonomis di masa depan berkenaan dengan aset tersebut dan biaya perolehan aset dapat diukur dengan andal. Grup mengakui biaya perbaikan dan pemeliharaan yang bersifat signifikan sebagai aset tetap. Nilai tercatat yang terkait dengan komponen yang diganti tidak diakui. Biaya perbaikan dan pemeliharaan lainnya dibebankan dalam laporan laba rugi dalam periode keuangan ketika biaya-biaya tersebut terjadi.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

m. Long-term investments (continued)

**(ii) Investment property - long-term
investments (continued)**

Transfers to investment property are made when there is a change in use, evidenced by the end of owner-occupation or commencement of an operating lease to another party. Transfers from investment property are made when there is a change in use, evidenced by the commencement of owner-occupation.

For a transfer from investment property to owner-occupied property, Group uses the cost method at the date the change occurs. If an owner-occupied property becomes an investment property, the Group records the investment property in accordance with the fixed asset policies up to the date of change in use.

n. Fixed assets

Direct ownership

Land is recognized at cost and not depreciated. Fixed assets are initially recognized at cost and subsequently, except for land, carried at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The Group recognized significant repair and maintenance costs as fixed assets. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

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(lanjutan)**

n. Aset tetap (lanjutan)

Pemilikan langsung (lanjutan)

Biaya legal awal untuk mendapatkan hak legal diakui sebagai bagian biaya akuisisi tanah, biaya-biaya tersebut tidak disusutkan. Biaya terkait dengan pembaruan hak atas tanah diakui sebagai aset tak berwujud dan diamortisasi sepanjang umur hukum hak.

Aset tetap, kecuali tanah, disusutkan dengan menggunakan metode garis lurus berdasarkan estimasi masa manfaat aset tetap sebagai berikut:

Tahun/Years

Tangki, instalasi pipa dan peralatan lainnya	5-25
Kilang	10-20
Bangunan	5-25
Kapal laut dan pesawat terbang	6-25
Harta benda modal (HBM) bergerak	5-20
Biaya perbaikan dan pemeliharaan signifikan	3

Pada setiap akhir tahun buku, nilai sisa, umur manfaat dan metode penyusutan aset ditinjau ulang dan disesuaikan secara prospektif sebagaimana mestinya.

Apabila suatu aset tetap sudah tidak digunakan atau dijual, nilai tercatatnya dikeluarkan dari laporan keuangan konsolidasian dan keuntungan dan kerugian yang timbul diakui dalam laporan laba rugi.

Aset dalam penyelesaian

Aset dalam penyelesaian merupakan biaya-biaya yang berhubungan secara langsung dengan pembangunan dan akuisisi aset tetap dan biaya-biaya lainnya. Biaya-biaya tersebut akan dipindahkan ke aset tetap yang bersangkutan pada saat pembangunan selesai. Penyusutan dibebankan sejak aset tersebut siap digunakan.

o. Sewa

Grup mengklasifikasikan sewa berdasarkan sejauh mana risiko dan manfaat yang terkait dengan kepemilikan aset sewaan berada pada lessor atau lessee, dan pada substansi transaksi daripada bentuk kontraknya, pada tanggal pengakuan awal.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

n. Fixed assets (continued)

Direct ownership (continued)

Initial legal costs incurred to obtain legal rights are recognized as part of the acquisition cost of the land, and these costs are not depreciated. Costs related to renewal of land rights are recognized as intangible assets and amortized during the period of the land rights.

Fixed assets, except land, are depreciated using the straight-line method over their estimated useful lives as follows:

Tanks, pipeline installations and other equipment	5-25
Refineries	10-20
Buildings	5-25
Ships and aircrafts	6-25
Moveable assets	5-20
Major repairs and maintenance	3

At each financial year-end, the residual values, useful lives and methods of depreciation of assets are reviewed and adjusted prospectively, as appropriate.

When assets are retired or otherwise disposed of, their carrying values are eliminated from the consolidated financial statements, and the resulting gains and losses on the disposal of fixed assets are recognized in the profit or loss.

Assets under construction

Assets under construction represent costs for the construction and acquisition of fixed assets and other costs. These costs are transferred to the relevant fixed asset account when the construction is complete. Depreciation is charged from the date the assets are available for use.

o. Leases

The Group classifies leases based on the extent to which risks and rewards incidental to the ownership of a leased asset are vested upon the lessor or the lessee, and the substance of the transaction rather than the form of the contract, at the time of initial recognition.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING
(lanjutan)**

o. Sewa (lanjutan)

Sewa Pembiayaan - sebagai Lessee

Suatu sewa diklasifikasikan sebagai sewa pembiayaan jika sewa tersebut mengalihkan secara substansial seluruh risiko dan manfaat yang terkait dengan kepemilikan aset sewa. Sewa tersebut dikapitalisasi sebesar yang lebih kecil nilai wajar aset sewaan dan nilai kini pembayaran sewa minimum. Pembayaran sewa minimum harus dipisahkan antara bagian yang merupakan beban keuangan dan bagian yang merupakan pelunasan liabilitas, sedemikian rupa sehingga menghasilkan suatu tingkat suku bunga periodik yang konstan atas saldo liabilitas. Beban keuangan dibebankan langsung dalam laporan laba rugi.

Suatu sewa diklasifikasikan sebagai sewa operasi jika sewa tidak mengalihkan secara substansial seluruh risiko dan manfaat yang terkait dengan kepemilikan aset. Dengan demikian, pembayaran sewa diakui pada laporan laba rugi dengan dasar garis lurus (*straight-line basis*) selama masa sewa.

p. Aset minyak dan gas serta panas bumi

(i). Aset Eksplorasi dan Evaluasi

Pengeluaran-pengeluaran sehubungan dengan kegiatan eksplorasi dan evaluasi minyak dan gas serta panas bumi dicatat dengan menggunakan metode akuntansi *successful efforts*. Biaya-biaya yang terjadi diakumulasikan berdasarkan lapangan per lapangan.

Biaya geologi dan geofisika dibebankan pada saat terjadi.

Biaya-biaya untuk memperoleh hak eksplorasi dan eksploitasi minyak dan gas bumi dicatat sebagai biaya perolehan aset yang belum terbukti jika cadangan terbukti belum ditemukan, atau sebagai biaya perolehan aset terbukti bila cadangan terbukti telah ditemukan. Biaya perolehan aset terbukti diamortisasi dari tanggal mulai produksi komersial berdasarkan jumlah estimasi cadangan terbukti.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

o. Leases (continued)

Finance Lease - as Lessee

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the leased assets. Such leases are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant periodic rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of the leased asset. Accordingly, the related lease payments are recognized in profit or loss on a *straight-line basis* over the lease term.

p. Oil & gas and geothermal properties

(i). Exploration and Evaluation Assets

Oil and natural gas, as well as geothermal exploration and evaluation expenditures are accounted for using the *successful efforts method of accounting*. Costs are accumulated on a field by field basis.

Geological and geophysical costs are expensed as incurred.

Costs to acquire rights to explore for and produce oil and gas are recorded as unproved property acquisition costs for properties where proved reserves have not yet been discovered, or proved property acquisition costs if proved reserves have been discovered. Proved property acquisition costs are amortized from the date of commercial production based on total estimated units of proved reserves.

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(lanjutan)**

**p. Aset minyak dan gas serta panas bumi
(lanjutan)**

**(i). Aset Eksplorasi dan Evaluasi
(lanjutan)**

Biaya-biaya pengeboran sumur eksplorasi dan biaya-biaya pengeboran-sumur tes stratigrafi, dikapitalisasi sebagai bagian dari aset dalam penyelesaian - sumur eksplorasi dan evaluasi, di dalam aset minyak dan gas bumi hingga ditentukan apakah sumur tersebut menemukan cadangan terbukti. Jika sumur tersebut tidak menemukan cadangan terbukti, biaya pengeboran sumur yang telah dikapitalisasi akan dibebankan ke dalam laporan laba rugi sebagai beban sumur kering (*dry hole*).

Aset eksplorasi dan evaluasi direklasifikasi dari aset eksplorasi dan evaluasi ketika prosedur evaluasi telah selesai. Aset eksplorasi dan evaluasi yang cadangannya secara komersial telah terbukti akan direklasifikasi menjadi aset pengembangan. Aset eksplorasi dan evaluasi diuji penurunan nilai sebelum direklasifikasi keluar dari aset eksplorasi dan evaluasi.

(ii). Aset Pengembangan

Biaya-biaya pengeboran sumur dalam pengembangan termasuk biaya pengeboran sumur pengembangan yang tidak menghasilkan dan sumur pengembangan stratigrafi dikapitalisasi sebagai bagian dari aset dalam penyelesaian sumur pengembangan hingga proses pengeboran selesai. Pada saat pengembangan sumur telah selesai pada lapangan tertentu, maka sumur tersebut akan ditransfer sebagai sumur produksi.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

**p. Oil & gas and geothermal properties
(continued)**

**(i). Exploration and Evaluation Assets
(continued)**

The costs of drilling exploratory wells and the costs of drilling exploratory-type stratigraphic test wells are capitalized as part of assets under construction - exploratory and evaluation wells, within oil and gas properties pending determination of whether the wells have found proved reserves. If the well has not found proved reserves, the capitalized costs of drilling the well are then charged to profit or loss as a dry hole expense.

Exploration and evaluation assets are reclassified from exploration and evaluation assets when evaluation procedures have been completed. Exploration and evaluation assets for which commercially-viable reserves have been identified are reclassified to development assets. Exploration and evaluation assets are tested for impairment immediately prior to reclassification out of exploration and evaluation assets.

(ii). Development Assets

The costs of drilling development wells including the costs of drilling unsuccessful development wells and development-type stratigraphic wells are capitalized as part of assets under construction of development wells until drilling is completed. When the development well is completed on a specific field, it is transferred to the production wells.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING
(lanjutan)**

**p. Aset minyak dan gas serta panas bumi
(lanjutan)**

(iii). Aset Produksi

Aset produksi merupakan agregasi aset eksplorasi dan evaluasi dan pengeluaran pengembangan yang berhubungan dengan sumur berproduksi. Aset produksi didepresiasi menggunakan metode unit produksi berdasarkan cadangan terbukti yang telah dikembangkan sejak dimulainya produksi komersialnya dari masing-masing lapangan.

(iv). Aset Minyak dan Gas Serta Panas Bumi Lainnya

Aset minyak dan gas serta panas bumi lainnya disusutkan dengan menggunakan metode garis lurus berdasarkan taksiran masa manfaat ekonomis atau masa Kontrak Kerja Sama ("KKS") yang relevan, mana yang lebih rendah, sebagai berikut:

	Tahun/Years
Instalasi	3-30
Pabrik LPG	10-20
Bangunan	5-30
Harta benda modal (HBM) bergerak	2-27
Sumur panas bumi	10-20

Tanah dan hak atas tanah dinyatakan berdasarkan biaya perolehan dan tidak disusutkan.

Masa manfaat dan metode penyusutan ditelaah minimal setiap akhir tahun dan disesuaikan secara prospektif jika diperlukan. Dampak dari setiap revisi diakui dalam laporan laba rugi, ketika perubahan terjadi.

Biaya-biaya setelah pengakuan awal aset diakui sebagai bagian dari nilai tercatat aset atau sebagai aset yang terpisah, sebagaimana mestinya, hanya apabila kemungkinan besar Grup akan mendapatkan manfaat ekonomis masa depan berkenaan dengan aset tersebut dan biaya perolehan aset dapat diukur dengan handal. Nilai tercatat komponen yang diganti tidak lagi diakui. Biaya perbaikan dan pemeliharaan dibebankan ke dalam laporan laba rugi dalam periode dimana biaya-biaya tersebut terjadi.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

**p. Oil & gas and geothermal properties
(continued)**

(iii). Production Assets

Production assets are aggregated exploration and evaluation assets and development expenditures associated with the producing wells. Production assets are depleted using a unit-of-production method on the basis of proved developed reserves, from the date of commercial production of the respective field.

(iv). Other Oil & Gas and Geothermal Assets

Other oil & gas and geothermal properties are depreciated using the straight-line method over the lesser of their estimated useful lives or the term of the relevant Production Sharing Contract ("PSC") are as follows:

	Tahun/Years
Instalations	3-30
LPG plants	10-20
Buildings	5-30
Moveable assets	2-27
Geothermal wells	10-20

Land and land rights are stated at cost and are not amortized.

The useful lives and methods of depreciation of assets are reviewed, and adjusted prospectively if appropriate, at least at each financial year-end. The effects of any revisions are recognized in profit or loss, when the changes arise.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

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(lanjutan)**

**p. Aset minyak dan gas serta panas bumi
(lanjutan)**

**(iv). Aset Minyak dan Gas Serta Panas
Bumi Lainnya (lanjutan)**

Akumulasi biaya atas pembangunan, instalasi, atau penyelesaian bangunan, pabrik dan fasilitas infrastruktur seperti anjungan dan saluran pipa dikapitalisasi sebagai aset dalam penyelesaian. Biaya-biaya ini direklasifikasi ke aset tetap yang relevan pada saat pembangunan atau instalasinya telah siap untuk digunakan. Penyusutan mulai dibebankan pada saat tersebut.

**(v). Hak Kepemilikan atas Operasi
Unitisasi**

Aset bersama adalah aset dimana setiap pihak mempunyai hak dan kepemilikan bersama. Setiap pihak memiliki hak eksklusif untuk mendapatkan bagian dari aset dan manfaat ekonomis yang dihasilkan oleh aset tersebut.

Pada unitisasi, operator dan non-operator mempersatukan aset mereka di dalam satu lapangan produksi untuk membentuk satu unit produksi dan sebagai imbalan menerima kepemilikan di dalam unit tersebut. Dengan demikian, operasi unitisasi adalah perjanjian pengendalian bersama aset. Berdasarkan perjanjian ini, Grup mencatat bagiannya atas pengendalian bersama aset, setiap liabilitas yang terjadi, bagiannya atas liabilitas yang terjadi bersama dengan pihak lain yang berkaitan dengan perjanjian bersama, setiap penghasilan dari penjualan atau penggunaan bagiannya atas output ventura bersama, bersama dengan bagiannya atas beban yang terjadi pada ventura bersama. Apabila Grup sebagai operator, Grup akan mengakui piutang dari pihak non-operator (sebesar porsi pihak non-operator atas beban dan pengeluaran modal yang ditanggung oleh operator); jika sebaliknya, Grup akan mengakui utang kepada operator.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

**p. Oil & gas and geothermal properties
(continued)**

**(iv). Other Oil & Gas and Geothermal Assets
(continued)**

The accumulated costs of the construction, installation or completion of buildings, plant and infrastructure facilities such as platforms and pipelines are capitalized as assets under construction. These costs are reclassified to the relevant fixed asset accounts when the construction or installation is ready for use. Depreciation is charged from that date.

**(v). Ownership Interest in Unitisation
Operation**

A joint asset is an asset to which each party has rights and often has joint ownership. Each party has exclusive rights to a share of the asset and the economic benefits generated from that asset.

In a unitisation, all the operating and non-operating participants combine their assets in a producing field to form a single unit and in return receive an undivided interest in that unit. As such, a unitisation operation is a joint control asset arrangement. Under this arrangement, the Group records its share of the joint asset, any liabilities it incurs, its share of any liabilities incurred jointly with the other parties relating to the joint arrangement, any revenue from the sale or use of its share of the output of the joint asset and any expenses it incurs in respect of its interest in the joint arrangement. If the Group is the operator, the Group recognizes receivables from the other parties (representing the other parties' share of expenses and capital expenditure borne by the operator); otherwise, the Group recognizes payables to the operator.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING
(lanjutan)**

q. Utang usaha dan utang lain-lain

Utang usaha dan utang lain-lain pada awalnya diakui pada nilai wajar dan kemudian diukur dengan harga perolehan diamortisasi dengan menggunakan metode SBE. Utang dikelompokkan sebagai liabilitas jangka pendek apabila pembayaran jatuh tempo dalam waktu satu tahun atau kurang (atau dalam siklus normal operasi dari bisnis jika lebih lama). Jika tidak, utang usaha tersebut disajikan sebagai liabilitas jangka panjang.

r. Provisi pembongkaran dan restorasi

Provisi pembongkaran dan restorasi dicatat untuk mengakui kewajiban hukum berkaitan dengan penarikan aset minyak dan gas bumi termasuk fasilitas produksi yang berasal dari akuisisi, konstruksi atau pengembangan dan/atau operasi normal dari aset tersebut. Penarikan aset tersebut ini, termasuk penjualan, peninggalan, pendaurulangan atau penghapusan dengan cara lain, adalah penarikan selain penghentian sementara pemakaian.

Kewajiban ini diakui sebagai liabilitas pada saat timbulnya kewajiban konstruktif yang berkaitan dengan penarikan sebuah aset. Biaya penarikan aset dalam jumlah yang setara dengan jumlah liabilitas dikapitalisasi sebagai bagian dari suatu aset tertentu dan kemudian disusutkan atau didepresiasi selama masa manfaat aset tersebut. Kewajiban ini diukur pada nilai kini dari perkiraan pengeluaran yang diperlukan untuk menyelesaikan kewajiban, menggunakan tingkat diskonto sebelum pajak yang mencerminkan penilaian pasar atas nilai waktu uang dan risiko yang terkait dengan kewajiban tersebut.

Penyisihan untuk hal-hal yang berkaitan dengan lingkungan yang tidak berkaitan dengan penarikan aset, dimana Grup merupakan pihak yang bertanggung jawab, diakui ketika:

- Grup memiliki kewajiban kini baik yang bersifat hukum maupun konstruktif, sebagai akibat dari peristiwa masa lalu;
- besar kemungkinan penyelesaian liabilitas tersebut mengakibatkan arus keluar sumber daya; dan
- estimasi yang andal mengenai jumlah liabilitas tersebut dapat ditentukan.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

q. Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the EIR method. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

r. Provision for decommissioning and site restoration

The provision for decommissioning and site restoration provided for the legal obligations associated with the retirement of oil and gas properties including the production facilities that result from the acquisition, construction or development and/or normal operation of such assets. The retirements of such assets, other than temporary suspension of use, are removal from service including sale, abandonment, recycling or disposal in some other manner.

These obligations are recognized as liabilities when a constructive obligation with respect to the retirement of an asset is incurred. An asset retirement cost equivalent to these liabilities is capitalized as part of the related asset's carrying value and is subsequently depreciated or depleted over the asset's useful life. These obligations are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Provision for environmental issues that may not involve the retirement of an asset, where the Group is a responsible party, is recognized when:

- *the Group has a present legal or constructive obligation as a result of past events;*
- *it is probable that an outflow of resources will be required to settle the obligation; and*
- *the amount has been reliably estimated.*

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**2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING
(lanjutan)**

**r. Provisi pembongkaran dan restorasi
(lanjutan)**

Kewajiban penarikan aset untuk fasilitas hilir secara umum baru dapat dipastikan pada saat fasilitas tersebut ditutup secara permanen dan dibongkar. Namun demikian, fasilitas ini memiliki umur yang tidak terbatas berdasarkan rencana kelanjutan penggunaannya dan dengan demikian, nilai wajar dari liabilitas hukum bersyarat ini tidak dapat diukur karena tanggal penyelesaian di masa depan dari liabilitas tersebut tidak dapat diperkirakan. Grup melakukan evaluasi secara berkala atas aset di hilir untuk menentukan apakah ada perubahan dalam fakta dan kondisi yang ada yang dapat menyebabkan timbulnya kewajiban penarikan aset.

s. Pengakuan pendapatan dan beban

(i) Pendapatan

Pendapatan produksi minyak mentah dan gas bumi diakui berdasarkan metode *provisional entitlements* pada saat *lifting*. Perbedaan *lifting* aktual minyak mentah dan gas bumi menghasilkan piutang ketika *entitlements* final melebihi *lifting* minyak mentah dan gas bumi (posisi *underlifting*) dan menghasilkan utang ketika *lifting* minyak mentah dan gas bumi melebihi *entitlements* final (posisi *overlifting*). Volume *underlifting* dan *overlifting* dinilai berdasarkan harga rata-rata tertimbang tahunan Minyak Mentah Indonesia - ("ICP") (untuk minyak mentah) dan harga yang ditetapkan dalam Perjanjian Jual Beli Gas yang bersangkutan (untuk gas bumi).

Perusahaan mengakui pendapatan subsidi ketika Perusahaan menjual produk subsidi dan berhak atas subsidinya.

Pendapatan dari penjualan barang dan jasa masing-masing diakui pada saat risiko dan manfaat kepemilikan barang secara signifikan telah berpindah kepada pembeli dan pada saat jasa diberikan.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

**r. Provision for decommissioning and site
restoration (continued)**

Asset retirement obligations for downstream facilities generally become firm at the time the facilities are permanently shutdown and dismantled. However, these facilities have indeterminate lives based on plans for continued operations, and as such, the fair value of the conditional legal obligations cannot be measured, since it is impossible to estimate the future settlement dates of such obligation. The Group performs periodic reviews of its downstream assets for any changes in facts and circumstances that might require recognition of asset retirement obligations.

s. Revenue and expense recognition

(i) Revenue

Revenue from the production of crude oil and natural gas are recognized on the basis of the provisional entitlements method at the point of lifting. Differences between the actual liftings of crude oil and natural gas result in a receivable when final entitlements exceed liftings of crude oil and gas (underlifting position) and in a payable when lifting of crude oil and natural gas exceed final entitlements (overlifting position). Underlifting and overlifting volumes are valued based on the annual weighted average Indonesian Crude Price ("ICP") (for crude oil) and price as determined in the respective Sale and Purchase Contract (for natural gas).

The Company recognizes subsidy revenue as it sells the subsidy products and becomes entitled to the subsidy.

Revenue from sales of goods and services is recognized when the significant risks and rewards of ownership of the goods are transferred to the buyer and when such services are performed, respectively.

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(lanjutan)**

**s. Pengakuan pendapatan dan beban
(lanjutan)**

(i) Pendapatan (lanjutan)

Pendapatan denda yang berasal dari piutang penjualan produk BBM yang tertunggak diakui pada saat Perusahaan dan pelanggan tersebut menyepakati jumlah denda dan ada bukti-bukti bahwa pelanggan berkomitmen untuk membayar denda.

Biaya dan pendapatan sehubungan dengan penjualan listrik antara PGE, kontraktor panas bumi dan PT Perusahaan Listrik Negara (Persero) ("PLN") dicatat berdasarkan *Energy Sales Contracts* dalam Kontrak Operasi Bersama ("KOB"). KOB tersebut mengharuskan penjualan listrik dari kontraktor KOB ke PLN dilakukan melalui PGE pada nilai yang sama dengan biaya pembelian listrik dari kontraktor KOB.

(ii) Beban

Beban diakui pada saat terjadinya berdasarkan konsep akrual.

t. Program pensiun dan imbalan kerja

(i) Kewajiban pensiun

Entitas-entitas di dalam Grup menggunakan berbagai skema pensiun. Grup memiliki program imbalan pasti dan iuran pasti. Program iuran pasti adalah program imbalan pascakerja yang mewajibkan Grup membayar sejumlah iuran tertentu kepada entitas terpisah. Grup tidak memiliki kewajiban hukum dan konstruktif untuk membayar iuran lebih lanjut jika entitas tersebut tidak memiliki aset yang cukup untuk membayar seluruh imbalan pascakerja sebagai imbalan atas jasa yang diberikan pekerja pada periode berjalan dan periode lalu.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

**s. Revenue and expense recognition
(continued)**

(i) Revenue (continued)

Penalty income from overdue receivables from BBM sales is recognized when the Company and its customers agree on the amount of the penalties and there is evidence that the customers have committed to pay the penalties.

The cost and revenue involving sales of electricity among PGE, geothermal contractors and PT Perusahaan Listrik Negara (Persero) ("PLN") are recorded based on Energy Sales Contracts under a Joint Operating Contracts ("JOC"). The contracts stipulate that the sale of electricity from the JOC contractors to PLN is to be made through PGE in the same amount of the purchase costs as the electricity from the JOCs.

(ii) Expense

Expense is recognized when incurred on an accrual basis.

t. Pension plan and employee benefits

(i) Pension obligations

Entities within the Group operate various pension schemes. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee the benefits relating to employee service in the current and prior years.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING
(lanjutan)**

**t. Program pensiun dan imbalan kerja
(lanjutan)**

(i) Kewajiban pensiun (lanjutan)

Grup harus menyediakan jumlah minimal imbalan pensiun sesuai dengan Undang-Undang ("UU") Ketenagakerjaan No. 13/2003 atau Perjanjian Kerja Bersama ("PKB") Grup, mana yang lebih tinggi. Karena UU Ketenagakerjaan atau PKB menentukan rumus tertentu untuk menghitung jumlah minimal imbalan pensiun, pada dasarnya, program pensiun berdasarkan UU Ketenagakerjaan atau PKB adalah program imbalan pasti.

Kewajiban program pensiun imbalan pasti yang diakui dalam laporan posisi keuangan adalah nilai kini kewajiban imbalan pasti pada tanggal laporan keuangan dikurangi nilai wajar aset program.

Besarnya kewajiban imbalan pasti ditentukan berdasarkan perhitungan aktuaris independen yang dilakukan secara tahunan menggunakan metode *projected unit credit*.

Beban yang diakui di laporan laba rugi termasuk biaya jasa kini, beban/pendapatan bunga, biaya jasa lalu dan keuntungan/kerugian penyelesaian. Keuntungan dan kerugian dari kurtailmen atau penyelesaian program manfaat pasti diakui ketika kurtailmen atau penyelesaian tersebut terjadi.

Pengukuran kembali yang timbul dari program pensiun manfaat pasti diakui dalam penghasilan komprehensif lain.

Pesangon pemutusan kontrak kerja terhutang ketika Grup memberhentikan hubungan kerja sebelum usia pensiun normal atau ketika karyawan menerima penawaran mengundurkan diri secara sukarela dengan kompensasi imbalan pesangon.

Grup mengakui pesangon pemutusan kontrak kerja pada tanggal yang lebih awal diantara: (a) ketika Grup tidak dapat lagi menarik tawaran atas imbalan tersebut; dan (b) ketika Grup mengakui biaya untuk restrukturisasi yang melibatkan pembayaran pesangon.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

**t. Pension plan and employee benefits
(continued)**

(i) Pension obligations (continued)

The Group is required to provide a minimum amount of pension benefit in accordance with Labour Law No. 13/2003 or the Group's Collective Labour Agreement ("the CLA"), whichever is higher. Since the Labour Law or the CLA sets the formula for determining the minimum amount of pension benefits, in substance pension plans under the Labour Law or the CLA represent defined benefit plans.

The liability recognized in the statement of financial position in respect of the defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Expense charged to profit or loss includes current service costs, interest expense/income, past service cost and gains and losses on settlements. Gains or losses on the curtailment or settlement of a defined benefit plan are recognized when the curtailment or settlement occurs.

Remeasurements arising from defined benefit retirement plans are recognized in OCI.

Termination benefits are payable when an employee's employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The Group recognizes the termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognizes restructuring costs involving the payment of termination benefits.

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**t. Program pensiun dan imbalan kerja
(lanjutan)**

(ii) Kewajiban pascakerja lainnya

Beberapa entitas di dalam Grup memberikan imbalan kesehatan pascakerja bagi pekerja yang telah memasuki masa pensiun. Imbalan ini diberikan kepada pekerja yang tetap bekerja sampai usia pensiun dan memenuhi masa kerja minimum. Biaya yang diharapkan timbul atas imbalan ini terhutang selama masa kerja dengan menggunakan metode *projected unit credit*. Kewajiban ini dinilai setiap tahun oleh aktuaris independen.

u. Transaksi dan saldo dalam denominasi non-Dolar AS

Unsur-unsur yang disertakan dalam laporan keuangan setiap entitas anggota Grup diukur menggunakan mata uang yang sesuai dengan lingkungan ekonomi utama di mana entitas beroperasi (mata uang fungsional).

Laporan keuangan konsolidasian disajikan dalam Dolar AS yang merupakan mata uang fungsional Perusahaan.

Transaksi dalam mata uang selain Dolar AS dijabarkan ke dalam mata uang Dolar AS dengan menggunakan kurs yang berlaku pada tanggal transaksi. Pada setiap tanggal pelaporan, aset dan liabilitas moneter dalam mata uang selain Dolar AS dijabarkan ke dalam mata uang Dolar AS menggunakan kurs penutup. Keuntungan dan kerugian selisih kurs yang timbul dari penyelesaian transaksi dalam mata uang asing dan dari penjabaran aset dan liabilitas moneter dalam mata uang asing diakui di dalam laporan laba rugi, kecuali jika ditangguhkan di dalam ekuitas sebagai lindung nilai arus kas dan lindung nilai investasi neto yang memenuhi syarat.

Untuk entitas anak dalam negeri dan luar negeri, yang bukan merupakan bagian integral dari operasi Perusahaan dan mata uang fungsionalnya bukan Dolar AS, aset dan liabilitasnya dijabarkan ke dalam mata uang Dolar AS dengan menggunakan kurs penutup yang berlaku pada tanggal laporan posisi keuangan.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

**t. Pension plan and employee benefits
(continued)**

(ii) Other post-employment obligations

Companies within the Group provide "post-retirement" healthcare benefits to their retired employee. This benefit is eligible for the employee that remains working up to retirement age and approaching a minimum service period. The expected cost of this benefit is accrued over the period of employment using the projected unit credit method. This obligation is valued annually by independent qualified actuaries.

u. Transactions and balances in non-US Dollar denomination

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

The consolidated financial statements are presented in US Dollar, which is the Company's functional currency.

Non-US Dollar currency transactions are translated into US Dollar using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in non-US Dollar currency are translated into US Dollar using the closing exchange rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss, except when deferred in equity as qualifying cash flows hedges and qualifying net investment hedges.

For domestic and foreign subsidiaries that are not integral to the Company's operations and for which the functional currency is not the US Dollar, the assets and liabilities are translated into US Dollars at the exchange rates prevailing at the date of statement of financial position.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING
(lanjutan)**

**u. Transaksi dan saldo dalam denominasi
non-Dolar AS (lanjutan)**

Nilai tukar yang digunakan pada tanggal-tanggal 31 Desember 2017 dan 2016 masing-masing adalah sebagai berikut (nilai penuh):

	<u>2017</u>	<u>2016</u>	
1.000 Rupiah/Dolar AS	0,07	0,07	1,000 Rupiah/US Dollar
Dolar Singapura/Dolar AS	0,75	0,69	Singapore Dollar/US Dollar
100 Yen Jepang/Dolar AS	0,89	0,86	100 Japanese Yen/US Dollar
Dolar Hong Kong/Dolar AS	0,13	0,13	Hong Kong Dollar/US Dollar
Euro/Dolar AS	1,19	1,05	Euro/US Dollar
Ringgit Malaysia/Dolar AS	0,25	0,22	Malaysian Ringgit/US Dollar
Dinar Aljazair/Dolar AS	0,01	0,01	Algeria Dinar/US Dollar

v. Pajak penghasilan

Metode *balance sheet liability* diterapkan untuk menentukan beban pajak penghasilan. Berdasarkan metode ini, beban pajak kini dihitung berdasarkan taksiran laba kena pajak tahun berjalan. Aset dan liabilitas pajak tangguhan diakui untuk semua perbedaan temporer yang timbul antara jumlah aset dan liabilitas komersial dengan perhitungan pajak pada setiap tanggal pelaporan.

Aset dan liabilitas pajak tangguhan yang berasal dari kegiatan diluar kegiatan KKS dihitung dengan menggunakan tarif pajak yang berlaku atau secara substansif telah berlaku pada tanggal pelaporan keuangan. Untuk aset dan liabilitas pajak tangguhan terkait kegiatan KKS dihitung dengan menggunakan tarif pajak yang berlaku pada tanggal efektifnya KKS atau tanggal perpanjangan atau tanggal perubahan KKS. Perubahan nilai tercatat aset dan liabilitas pajak tangguhan yang disebabkan oleh perubahan tarif pajak dibebankan pada tahun berjalan, kecuali untuk transaksi-transaksi yang sebelumnya telah langsung dibebankan atau dikreditkan ke ekuitas.

Aset pajak tangguhan yang berhubungan dengan saldo rugi fiskal yang belum digunakan dan biaya KKS yang belum memperoleh penggantian (*unrecovered costs*) diakui apabila besar kemungkinan jumlah laba fiskal pada masa mendatang akan memadai untuk dikompensasi dengan saldo rugi fiskal yang belum digunakan dan biaya KKS yang belum memperoleh penggantian.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

**u. Transactions and balances in non-US Dollar
denomination (continued)**

The exchange rates used as of December 31, 2017 and 2016 were as follows (full amount):

v. Income tax

The balance sheet liability method is applied to determine income tax expense. Under this method, current tax expense is provided based on the estimated taxable income for the year. Deferred tax assets and liabilities are recognized for temporary differences between commercial assets and liabilities and the tax bases at each reporting date.

Deferred tax assets and liabilities involving activities other than PSCs activities are measured at the tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities involving PSCs activities are measured at the tax rates in effect at the effective dates of the PSCs or extensions or amendments of such PSCs. Changes in deferred tax assets and liabilities as a result of amendments of tax rates are recognized in the current year, except for transactions previously charged or credited directly to equity.

Deferred tax assets relating to the carry forward of unused tax losses and unrecovered PSCs costs are recognized to the extent that it is probable that in the future, taxable income will be available against the unused tax losses and unrecovered PSCs costs.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING
(lanjutan)**

v. Pajak penghasilan (lanjutan)

Grup secara periodik mengevaluasi posisi yang dilaporkan di Surat Pemberitahuan Tahunan ("SPT") sehubungan dengan situasi di mana aturan pajak yang berlaku membutuhkan interpretasi. Jika perlu, Grup menentukan penyisihan berdasarkan jumlah yang diharapkan akan dibayar kepada otoritas pajak.

Koreksi terhadap kewajiban perpajakan dicatat pada saat surat ketetapan pajak diterima, atau dalam hal Grup mengajukan banding, ketika: (1) pada saat hasil banding tersebut ditetapkan, kecuali bila terdapat ketidakpastian yang signifikan atas hasil banding tersebut, maka koreksi berdasarkan surat ketetapan pajak terhadap liabilitas perpajakan tersebut dicatat pada saat pengajuan banding dibuat, atau (2) pada saat dimana berdasarkan pengetahuan dari perkembangan atas kasus lain yang serupa dengan kasus yang sedang dalam proses banding, berdasarkan ketentuan Pengadilan Pajak atau Mahkamah Agung, dimana hasil yang diharapkan dari proses banding secara signifikan tidak pasti, maka pada saat itu perubahan kewajiban perpajakan diakui berdasarkan jumlah ketetapan pajak yang diajukan banding.

w. Informasi segmen

Segmen operasi adalah suatu komponen dari entitas:

- yang terlibat dalam aktivitas bisnis yang memperoleh pendapatan dan menimbulkan beban (termasuk pendapatan dan beban terkait dengan transaksi dengan komponen lain dari entitas yang sama);
- hasil operasinya dikaji ulang secara reguler oleh pengambil keputusan operasional untuk membuat keputusan tentang sumber daya yang dialokasikan pada segmen tersebut dan menilai kinerjanya; dan
- tersedia informasi keuangan yang dapat dipisahkan.

x. Penurunan nilai aset non-keuangan

Aset yang memiliki umur manfaat tidak terbatas - sebagai contoh, goodwill atau aset takberwujud yang belum siap digunakan - tidak diamortisasi dan dilakukan pengujian penurunan nilai secara tahunan.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

v. Income tax (continued)

The Group periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. Where appropriate, the Group establishes provision based on the amounts expected to be paid to the tax authorities.

Corrections to taxation obligations are recorded when an assessment is received, or for assessment amounts appealed against by the Group, when: (1) the result of the appeal is determined, unless there is significant uncertainty as to the outcome of such an appeal, in which event the impact of the amendment of tax obligations based on an assessment is recognized at the time of making such appeal, or (2) at the time based on knowledge of developments in similar cases involving matters appealed, in rulings by the Tax Court or the Supreme Court, where a positive appeal outcome is adjudged to be significantly uncertain, in which event the impact of an amendment of tax obligations is recognized based on the assessment amounts appealed.

w. Segment information

An operating segment is a component of an enterprise:

- that engages in business activities from which it may earn revenues and incur expenses (including revenue and expenses related to the transactions with different components within the same entity);
- whose operating results are regularly reviewed by the enterprise's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance; and
- for which discrete financial information is available.

x. Impairment of non-financial assets

Assets that have an indefinite useful life - for example, goodwill or intangible assets not ready for use - are not subject to amortization and are tested annually for impairment.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING
(lanjutan)**

**x. Penurunan nilai aset non-keuangan
(lanjutan)**

Aset yang diamortisasi atau didepresiasi diuji terhadap penurunan nilai ketika terdapat indikasi bahwa nilai tercatatnya mungkin tidak dapat dipulihkan. Penurunan nilai diakui jika nilai tercatat aset melebihi jumlah terpulihkan. Jumlah terpulihkan adalah yang lebih tinggi antara nilai wajar aset dikurangi biaya pelepasan dan nilai pakai aset. Dalam menentukan penurunan nilai, aset dikelompokkan pada tingkat yang paling rendah dimana terdapat arus kas yang dapat diidentifikasi (unit penghasil kas). Aset non-keuangan selain *goodwill* yang mengalami penurunan nilai diuji setiap tanggal pelaporan untuk menentukan apakah terdapat kemungkinan pemulihan penurunan nilai.

y. Biaya emisi penerbitan obligasi

Biaya emisi penerbitan obligasi disajikan sebagai pengurang utang obligasi sebagai bagian dari liabilitas tidak lancar pada laporan posisi keuangan konsolidasian.

Selisih antara hasil emisi neto dengan nilai nominal merupakan diskonto yang diamortisasi dengan metode SBE selama jangka waktu utang obligasi.

z. Pengaturan bersama

Grup merupakan pihak dalam pengaturan bersama apabila terdapat pengaturan kontraktual yang memberikan pengendalian bersama atas aktivitas relevan kepada Grup dan minimal satu pihak lainnya. Pengendalian bersama diuji dengan prinsip yang sama dengan penilaian pengendalian atas entitas anak.

Grup mengklasifikasikan kepentingannya dalam pengaturan bersama sebagai berikut:

- Ventura bersama: ketika Grup memiliki hak hanya pada net aset dari pengaturan bersama
- Operasi bersama: ketika Grup memiliki hak atas aset dan kewajiban atas liabilitas yang terkait dengan pengaturan bersama.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

**x. Impairment of non-financial assets
(continued)**

Assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash-Generating Units or CGUs). Non-financial assets other than goodwill that suffer an impairment are reviewed for possible reversal of the impairment at each reporting date.

y. Bond issue costs

Bond issue costs are presented as a deduction from bonds payable as part of non-current liabilities in the consolidated statements of financial position.

The difference between net proceeds and nominal value represents a discount which is amortized using the EIR method over the term of the bond.

z. Joint arrangements

The Group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either:

- Joint ventures: where the Group has rights to only the net assets of the joint arrangement
- Joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

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(lanjutan)**

z. Pengaturan bersama (lanjutan)

Dalam melakukan penilaian klasifikasi kepentingan dalam pengaturan bersama, Grup mempertimbangkan hal-hal berikut:

- struktur pengaturan bersama
- bentuk hukum pengaturan bersama apabila dibentuk melalui kendaraan terpisah
- persyaratan pengaturan kontraktual

- ketika relevan, fakta dan keadaan lain (termasuk semua perjanjian kontraktual lainnya).

Grup mencatat kepentingannya dalam ventura bersama menggunakan metode ekuitas.

Selisih lebih biaya investasi pada ventura bersama dibandingkan dengan nilai wajar aset teridentifikasi, liabilitas dan liabilitas kontingen teridentifikasi yang diakuisisi, dikapitalisasi dan termasuk dalam jumlah tercatat investasi pada ventura bersama. Jika terdapat indikasi bahwa investasi pada ventura bersama mengalami penurunan nilai, maka dilakukan uji penurunan nilai dengan cara yang sama dengan uji penurunan nilai pada aset nonkeuangan.

Grup mencatat kepentingannya dalam operasi bersama dengan mengakui hak atas aset, bagian atas liabilitas, pendapatan dan beban sesuai dengan ketentuan hak dan kewajiban dalam ketentuan kontraktual.

aa. Modal saham

Saham biasa dikelompokkan sebagai ekuitas.

Biaya langsung yang berkaitan dengan penerbitan saham baru disajikan sebagai pengurang ekuitas, neto setelah pajak, dari jumlah yang diterima.

ab. Dividen

Pembagian dividen kepada pemegang saham diakui sebagai liabilitas dan mengurangi ekuitas dalam laporan keuangan konsolidasian Grup dalam periode dimana pembagian dividen tersebut diumumkan.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

z. Joint arrangements (continued)

In assessing the classification of interests in joint arrangements, the Group considers:

- *the structure of the joint arrangement*
- *the legal form of joint arrangements structured through a separate vehicle*
- *the contractual terms of the joint arrangement agreement*
- *any other facts and circumstances (including any other contractual arrangements).*

The Group recognizes its interest in joint venture using equity method.

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalized and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as non-financial assets.

The Group accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

aa. Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction, net of tax, from the proceeds.

ab. Dividends

Dividend distribution to the shareholders is recognized as a liability and deducted from equity in the Group consolidated financial statements in the period in which the dividends are declared.

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(lanjutan)**

ac. Biaya pinjaman

Biaya pinjaman merupakan bunga dan selisih kurs pinjaman yang diterima dalam mata uang asing dan biaya lainnya (amortisasi diskonto/premi dari pinjaman diterima, dll) yang terjadi sehubungan dengan peminjaman dana.

Biaya pinjaman yang dapat diatribusikan secara langsung dengan perolehan, konstruksi, atau pembuatan aset kualifikasian dikapitalisasi sebagai bagian dari biaya perolehan aset tersebut. Biaya pinjaman lainnya diakui sebagai beban pada saat terjadinya.

Kapitalisasi biaya pinjaman dihentikan saat selesainya secara substansial seluruh aktivitas yang diperlukan untuk mempersiapkan aset kualifikasian agar dapat digunakan atau dijual sesuai dengan maksudnya.

ad. Pengukuran nilai wajar

Pengukuran nilai wajar didasarkan pada asumsi bahwa transaksi untuk menjual aset atau mengalihkan liabilitas akan terjadi:

- di pasar utama untuk aset atau liabilitas tersebut atau;
- jika tidak terdapat pasar utama, di pasar yang paling menguntungkan untuk aset atau liabilitas tersebut.

Pengukuran nilai wajar aset non-keuangan memperhitungkan kemampuan pelaku pasar untuk menghasilkan manfaat ekonomik dengan menggunakan aset dalam penggunaan tertinggi dan terbaiknya, atau dengan menjualnya kepada pelaku pasar lain yang akan menggunakan aset tersebut dalam penggunaan tertinggi dan terbaiknya.

Seluruh aset dan liabilitas yang mana nilai wajar aset atau liabilitas tersebut diukur atau diungkapkan, dikategorikan dalam hirarki nilai wajar sebagai berikut:

- Tingkat 1 - harga kuotasian (tanpa penyesuaian) di pasar aktif untuk aset atau liabilitas yang identik;
- Tingkat 2 - teknik penilaian dimana level input terendah yang signifikan terhadap pengukuran nilai wajar dapat diobservasi, baik secara langsung maupun tidak langsung; dan
- Tingkat 3 - teknik penilaian dimana level input terendah yang signifikan terhadap pengukuran nilai wajar tidak dapat diobservasi.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

ac. Borrowing costs

Borrowing costs are interest and exchange differences on foreign currency denominated borrowings and other costs (amortization of discounts/premiums on borrowings, etc) incurred in connection with the borrowing of funds.

Borrowing costs which are directly attributable to the acquisition, construction, or production of qualifying assets are capitalized as part of the acquisition cost of the qualifying assets. Other borrowing costs are recognized as expense in the period in which they are incurred.

The Group ceases capitalizing borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

ad. Fair value measurement

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- *in the principal market for the asset or liability or;*
- *in the absence of a principal market, in the most advantageous market for the asset or liability.*

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy as follows:

- *Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities;*
- *Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and*
- *Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.*

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**3. PENGGUNAAN ESTIMASI, PERTIMBANGAN
DAN ASUMSI MANAJEMEN**

Dalam penerapan kebijakan akuntansi Grup seperti yang diungkapkan dalam Catatan 2 pada laporan keuangan konsolidasian, manajemen harus membuat estimasi, pertimbangan dan asumsi atas nilai tercatat aset dan liabilitas yang tidak tersedia oleh sumber-sumber lain.

Estimasi dan asumsi tersebut dibuat berdasarkan pengalaman historis dan faktor lain yang dipertimbangkan relevan.

a. Pertimbangan

Pertimbangan-pertimbangan berikut dibuat oleh manajemen dalam proses penerapan kebijakan akuntansi Grup:

i. Biaya eksplorasi dan evaluasi

Kebijakan akuntansi Grup untuk biaya eksplorasi dan evaluasi mengakibatkan biaya tertentu dikapitalisasi untuk sebuah *area of interest* yang dianggap dapat dipulihkan oleh eksploitasi di masa depan atau penjualan atau dimana kegiatan belum mencapai tahap tertentu yang memungkinkan dilakukan penilaian yang wajar atas keberadaan cadangan. Kebijakan ini mengharuskan manajemen untuk membuat estimasi dan asumsi tertentu atas peristiwa dan keadaan di masa depan, khususnya apakah operasi eksploitasi dapat dilaksanakan secara ekonomis.

ii. Biaya pengembangan

Kegiatan pengembangan dimulai setelah dilakukan pengesahan proyek oleh tingkat manajemen yang berwenang. Pertimbangan diterapkan oleh manajemen dalam menentukan kelayakan suatu proyek secara ekonomis.

b. Estimasi dan asumsi

Asumsi utama mengenai masa depan dan sumber utama lain dalam mengestimasi ketidakpastian pada tanggal pelaporan yang mempunyai risiko signifikan yang dapat menyebabkan penyesuaian material terhadap nilai tercatat aset dan liabilitas dalam periode berikutnya diungkapkan di bawah ini. Grup mendasarkan asumsi dan estimasi pada parameter yang tersedia saat laporan keuangan konsolidasian disusun.

**3. MANAGEMENT'S USE OF ESTIMATES,
JUDGEMENTS AND ASSUMPTIONS**

In the application of the Group's accounting policies, which are described in Note 2 to the consolidated financial statements, management is required to make estimates, judgements and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

These estimates and assumptions are based on historical experience and other factors that are considered to be relevant.

a. Judgements

The following judgements, made by management in the process of applying the Group's accounting policies:

i. Exploration and evaluation expenditure

The Group's accounting policies for exploration and evaluation expenditure result in certain items of expenditure being capitalized for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established.

ii. Development expenditure

Development activities commence after a project is sanctioned by the appropriate level of management. Judgement is applied by management in determining when a project is economically viable.

b. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are disclosed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

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**3. PENGGUNAAN ESTIMASI, PERTIMBANGAN
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b. Estimasi dan asumsi (lanjutan)

(i) Penurunan nilai aset non-keuangan

Sesuai dengan kebijakan akuntansi Grup, setiap aset atau unit penghasil kas dievaluasi pada setiap periode pelaporan untuk menentukan ada tidaknya indikasi penurunan nilai aset.

Penentuan nilai wajar dan nilai pakai memerlukan manajemen untuk membuat estimasi dan asumsi atas produksi yang diharapkan dan volume penjualan, harga komoditas (mempertimbangkan harga saat ini dan masa lalu, tren harga dan faktor-faktor terkait), cadangan (lihat informasi tambahan Estimasi Cadangan), biaya operasi, biaya pembongkaran dan restorasi serta belanja modal di masa depan. Estimasi dan asumsi ini terpapar risiko dan ketidakpastian; sehingga ada kemungkinan perubahan situasi dapat mengubah proyeksi ini, yang dapat memengaruhi nilai aset yang dapat dipulihkan kembali.

(ii) Estimasi cadangan

Cadangan minyak dan gas bumi terbukti adalah perkiraan jumlah minyak mentah dan gas alam yang berdasarkan data geologis dan teknis dapat diambil dengan tingkat kepastian yang memadai di tahun-tahun mendatang dari cadangan yang ada berdasarkan kondisi ekonomi dan operasi yang sekarang ada, misalnya terkait dengan harga dan biaya pada tanggal estimasi tersebut dibuat. Cadangan terbukti meliputi:

- (i) cadangan terbukti dikembangkan: jumlah hidrokarbon yang diharapkan akan diambil melalui metode sumur, fasilitas, dan operasi yang sekarang ada; dan
- (ii) cadangan terbukti yang belum dikembangkan: jumlah hidrokarbon yang diharapkan dapat diambil setelah adanya pengeboran, fasilitas dan metode operasi baru.

**3. MANAGEMENT'S USE OF ESTIMATES,
JUDGEMENTS AND ASSUMPTIONS (continued)**

b. Estimates and assumptions (continued)

(i) Impairment of non-financial assets

In accordance with the Group's accounting policy, each asset or CGU is evaluated every reporting period to determine whether there are any indications of impairment.

The determination of fair value and value in use requires management to make estimates and assumptions about expected production and sales volumes, commodity prices (considering current and historical prices, price trends and related factors), reserves (see supplemental information on Reserve Estimates), operating costs, decommissioning and site restoration cost, and future capital expenditure. These estimates and assumptions are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter these projections, which may have an impact on the recoverable amount of the assets.

(ii) Reserves estimates

Proved oil and gas reserves are the estimated quantities of crude oil and natural gas which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. Proved reserves include:

- (i) proved developed reserves: amounts of hydrocarbons that are expected to be retrieved through existing wells, facilities and operating methods; and*
- (ii) proved undeveloped reserves: amounts of hydrocarbons that are expected to be retrieved following new drilling, facilities and operating methods.*

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b. Estimasi dan asumsi (lanjutan)

(ii) Estimasi cadangan (lanjutan)

Akurasi dari cadangan terbukti tergantung pada sejumlah faktor, asumsi dan variabel seperti: kualitas data geologi, teknis dan ekonomi yang tersedia beserta interpretasi dan pertimbangan terkait, hasil pengeboran, pengujian dan produksi setelah tanggal estimasi, kinerja produksi *reservoir*, teknik produksi, proyeksi tingkat produksi di masa mendatang, estimasi besaran biaya dan waktu terjadinya pengeluaran pengembangan, ketersediaan pasar komersial, harga komoditi yang diharapkan dan nilai tukar.

Karena asumsi ekonomis yang digunakan untuk mengestimasi cadangan berubah dari waktu ke waktu dan tambahan data geologi yang dihasilkan selama operasi, estimasi cadangan dapat berubah dari waktu ke waktu. Perubahan cadangan yang dilaporkan dapat mempengaruhi hasil dan posisi keuangan Grup dalam berbagai cara, diantaranya:

- Penyusutan dan amortisasi yang ditentukan berdasarkan unit produksi, atau jika masa manfaat ekonomi sumur aset berubah.
- Provisi biaya pembongkaran, restorasi lokasi aset dan hal-hal yang berkaitan dengan lingkungan dapat berubah apabila terjadi perubahan dalam perkiraan cadangan yang mempengaruhi ekspektasi tentang waktu atau biaya kegiatan ini.
- Nilai tercatat aset/liabilitas pajak tangguhan dapat berubah karena perubahan estimasi pemulihan manfaat pajak.

Grup menetapkan cadangan terbukti berdasarkan pada prinsip *Petroleum Resources Management System* ("PRMS") 2007. Karakteristik alamiah *reservoir* minyak dan gas bumi yang penuh ketidakpastian dapat menyebabkan terjadinya perubahan estimasi cadangan karena penambahan data yang diperoleh Grup.

**3. MANAGEMENT'S USE OF ESTIMATES,
JUDGEMENTS AND ASSUMPTIONS (continued)**

b. Estimates and assumptions (continued)

(ii) Reserves estimates (continued)

The accuracy of proved reserve estimates depends on a number of factors, assumptions and variables such as: the quality of available geological, technical and economic data, results of drilling, testing and production after the date of the estimates, the production performance of the reservoirs, production techniques, projecting future rates of production, the anticipated cost and timing of development expenditures, the availability for commercial market, anticipated commodity prices and exchange rates.

As the economic assumptions used to estimate reserves change from year to year, and additional geological data are generated during the course of operations, estimates of reserves may change from year to year. Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including:

- *Depreciation and amortization which are determined on a unit of production basis, or where the useful economic lives of assets change.*
- *Decommissioning, site restoration and environmental provision may change where changes in estimated reserves affect expectations about the timing or cost of these activities.*
- *The carrying value of deferred tax assets/liabilities may change due to changes in estimates of the likely recovery of the tax benefits.*

The Group have established proven reserves based on the principle of Petroleum Resources Management System ("PRMS") 2007. The characteristics of the estimation uncertainty of natural reservoirs of oil and gas reserve may lead to changes in the estimated reserves due to the additional data obtained by the Group.

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**3. PENGGUNAAN ESTIMASI, PERTIMBANGAN
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b. Estimasi dan asumsi (lanjutan)

(iii) Aset minyak dan gas bumi

Grup menerapkan metode *successful efforts* untuk kegiatan eksplorasi dan evaluasi minyak dan gas bumi.

Untuk sumur eksplorasi dan sumur uji eksplorasi stratigrafi, biaya yang secara langsung terkait dengan pengeboran sumur-sumur tersebut, dikapitalisasi dahulu sebagai aset dalam penyelesaian dalam akun aset minyak dan gas bumi, hingga ditentukan apakah telah ditemukan cadangan minyak dan gas yang berpotensi ekonomis berdasarkan pengeboran tersebut. Penentuan ini biasanya dilakukan dalam waktu satu tahun setelah penyelesaian sumur, tetapi dapat memakan waktu lebih lama, tergantung pada kompleksitas struktur geologi. Kebijakan ini mengharuskan Manajemen membuat estimasi dan asumsi tertentu atas peristiwa dan keadaan di masa depan, khususnya apakah operasi eksploitasi dapat dilakukan secara ekonomis.

Setiap estimasi dan asumsi tersebut dapat berubah seiring tersedianya informasi baru. Jika sumur tidak menemukan cadangan yang memiliki potensi ekonomi, biaya sumur akan dibebankan sebagai beban sumur kering (*dry hole*) dan diklasifikasikan sebagai biaya eksplorasi.

(iv) Penyisihan penurunan nilai atas pinjaman yang diberikan dan piutang

Penyisihan penurunan nilai piutang dikelola pada jumlah yang menurut manajemen adalah memadai untuk menutup kemungkinan tidak tertagihnya piutang. Pada setiap tanggal laporan keuangan, Grup secara spesifik menelaah apakah telah terdapat bukti objektif bahwa suatu aset keuangan telah mengalami penurunan nilai (tidak tertagih).

Penyisihan yang dibentuk berdasarkan pengalaman penagihan masa lalu dan faktor-faktor lainnya yang mungkin mempengaruhi kolektibilitas.

**3. MANAGEMENT'S USE OF ESTIMATES,
JUDGEMENTS AND ASSUMPTIONS (continued)**

b. Estimates and assumptions (continued)

(iii) Oil and gas properties

The Group applies the *successful efforts* method for its oil and natural gas exploration and evaluation activities.

For exploration and exploratory-type stratigraphic test wells, costs directly associated with the drilling of those wells are initially capitalized as assets under construction within oil and gas properties, pending determination of whether potentially economically viable oil and gas reserves have been discovered by the drilling effort. The determination is usually made within one year after well completion, but can take longer, depending on the complexity of the geological structure. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established.

Such estimates and assumptions may change as new information becomes available. If the well does not discover potentially economically viable oil and gas quantities, the well costs are expensed as a dry hole and are reported in exploration expense.

(iv) Provision for the impairment of loans and receivables

Provision for the impairment of receivables is maintained at a level considered adequate to provide for potentially uncollectible receivables. The Group assesses specifically at each balance sheet date whether there is objective evidence that a financial asset is impaired (*uncollectible*).

The level of provision is based on past collection experience and other factors that may affect collectability.

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b. Estimasi dan asumsi (lanjutan)

**(iv) Penyisihan penurunan nilai atas
pinjaman yang diberikan dan piutang
(lanjutan)**

Jika terdapat bukti objektif penurunan nilai, maka saat dan besaran jumlah yang dapat ditagih diestimasi berdasarkan pengalaman kerugian masa lalu.

Akun pinjaman dan piutang dihapus-bukukan berdasarkan keputusan manajemen bahwa aset keuangan tersebut tidak dapat ditagih atau direalisasi meskipun segala cara dan tindakan telah dilaksanakan.

(v) Piutang Pemerintah

Grup mengakui piutang Pemerintah untuk penggantian biaya subsidi untuk jenis Bahan Bakar Minyak ("BBM") tertentu dan LPG Tabung 3 kg dan piutang imbalan jasa pemasaran atas jasa memasarkan minyak mentah, gas bumi dan LNG bagian Pemerintah. Grup melakukan estimasi atas jumlah dari piutang Pemerintah tersebut berdasarkan parameter volume penyerahan aktual dan tarif yang telah ditentukan berdasarkan peraturan pemerintah. Jumlah piutang subsidi tersebut menjadi subjek yang diaudit dan disetujui oleh Badan Pemeriksa Keuangan Republik Indonesia ("BPK"). Hasil audit dapat berbeda dengan jumlah yang diakui.

**(vi) Penyusutan, estimasi nilai sisa dan
masa manfaat aset tetap**

Masa manfaat properti investasi dan aset tetap Grup diestimasi berdasarkan jangka waktu aset tersebut diperkirakan dapat digunakan. Estimasi tersebut didasarkan pada penilaian kolektif berdasarkan bidang usaha yang sama, evaluasi teknis internal dan pengalaman terhadap aset sejenis.

(vii) Aset pajak tangguhan

Aset pajak tangguhan diakui hanya bila saldo aset pajak tangguhan tersebut kemungkinan besar dapat direalisasi, dimana hal ini tergantung dari jumlah laba kena pajak yang memadai yang dapat dihasilkan di masa depan.

**3. MANAGEMENT'S USE OF ESTIMATES,
JUDGEMENTS AND ASSUMPTIONS (continued)**

b. Estimates and assumptions (continued)

**(iv) Provision for the impairment of loans
and receivables (continued)**

If there is objective evidence of impairment, then timing and collectible amounts are estimated based on historical loss data.

Loans and receivables write-offs are based on management's decision that the financial assets are uncollectible or cannot be realized regardless of the actions taken.

(v) Due from the Government

The Group recognizes amounts due from the Government for cost subsidies for certain fuel ("BBM") products and 3 kg LPG cylinders and marketing fees in relation to the Government's share of crude oil, natural gas and LNG. The Group makes an estimation of the amount due from the Government based on the actual delivery volume parameter and rates based on government regulations. The amount of subsidies is subject to audit and approval by the Audit Board of the Republic of Indonesia ("BPK"). The actual results may be different from the amounts recognized.

**(vi) Depreciation, estimate of residual
values and useful lives of fixed assets**

The useful lives of the Group's investment properties and fixed assets are estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of similar businesses, internal technical evaluations and experience with similar assets.

(vii) Deferred tax assets

Deferred tax assets are recognized only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

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b. Estimasi dan asumsi (lanjutan)

**(viii) Provisi untuk Biaya Pembongkaran
dan Restorasi Lokasi Aset**

Grup memiliki kewajiban untuk melakukan pembongkaran fasilitas produksi minyak dan gas bumi dan pipa pada akhir umur manfaat aset-aset tersebut. Kewajiban pembongkaran terbesar yang dihadapi Grup berkaitan dengan penutupan dan peninggalan sumur-sumur yang sudah tidak terpakai dan pembuangan *platform* minyak dan gas alam dan saluran pipa pada area kontrak Grup.

Sebagian besar pembongkaran akan dilakukan di masa yang akan datang sehingga terdapat ketidakpastian mengenai persyaratan yang harus dipenuhi pada saat dilakukannya pembongkaran. Teknologi pembongkaran dan biaya pembongkaran terus berubah, termasuk ekspektasi politik, lingkungan, keselamatan dan publik. Akibatnya, terdapat ketidakpastian yang signifikan terkait kapan dan jumlah arus kas masa depan yang harus dikeluarkan. Perubahan dalam ekspektasi biaya masa depan yang diharapkan tercermin dalam aset dan provisi terkait yang dapat memiliki dampak yang material terhadap laporan keuangan konsolidasian Grup.

**4. AKUISISI DAN PENAMBAHAN PARTICIPATING
INTEREST**

Grup telah melakukan penambahan *participating interest* melalui transaksi akuisisi maupun perolehan blok eks terminasi. Transaksi akuisisi ini dilakukan sejalan dengan strategi Grup dalam pengembangan bisnis hulu minyak dan gas yaitu untuk peningkatan jumlah produksi dan cadangan minyak, gas dan panas bumi serta pengembangan bisnis ke luar negeri. Ringkasan transaksi selama tahun 2016 sampai dengan tanggal 31 Desember 2017 adalah sebagai berikut:

Akuisisi/ Partners	Wilayah Kerja/ Working Area	Wilayah/ Area	Persentase Partisipasi/ Percentage of Participation	Produksi/ Production	Dimiliki oleh/owned by
Akuisisi Saham Etablissements Maurel et Prom SA (M&P)	Prancis/ France	Canada, Colombia, Nigeria, Gabon, France, Italy, Tanzania, Namibia, dan Myanmar	72,65%	Minyak dan gas bumi/Oil and gas	Pertamina Internasional Eksplorasi dan Produksi

**3. MANAGEMENT'S USE OF ESTIMATES,
JUDGEMENTS AND ASSUMPTIONS (continued)**

b. Estimates and assumptions (continued)

**(viii) Provision for Decommissioning and
Site Restoration**

The Group is obliged to carry out future decommissioning of oil and gas production facilities and pipelines at the end of their economic lives. The largest decommissioning obligations facing the Group relate to the plugging and abandonment of wells and the removal and disposal of oil and gas platforms and pipelines in its contract area.

Most of these decommissioning events are many years in the future and the precise requirements that will have to be met when the removal event actually occurs are uncertain. Decommissioning technologies and costs are constantly changing, as well as political, environmental, safety and public expectations. Consequently, the timing and amounts of future cash flows are subject to significant uncertainty. Changes in the expected future costs are reflected in both the provision and the related asset and could have a material impact on the Group's consolidated financial statements.

**4. ACQUISITION AND ADDITION OF
PARTICIPATING INTEREST**

The Group obtained additional participating interest through acquisition transactions or acquisitions of terminated blocks. The acquisition transactions were made in accordance with the Group's strategy to develop its upstream business i.e. to increase oil, gas and geothermal production and reserves, and to expand the business to overseas. The summary of the Group's transactions during 2016 until December 31, 2017 is as follows:

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4. AKUISISI DAN PENAMBAHAN PARTICIPATING INTEREST (lanjutan) **4. ACQUISITION AND ADDITION OF PARTICIPATING INTEREST (continued)**

Akuisisi/ Partners	Wilayah Kerja/ Working Area	Wilayah/ Area	Tanggal Efektif Kontrak/ Effective Date of Contract	Tanggal Jatuh Tempo Kontrak/ Expiry Date of Contract	Persentase Partisipasi/ Percentage of Participation	Produksi/ Production	Periode Kontrak/ Contract Period	Dimiliki oleh/owned by
Perolehan Wilayah Kerja Offshore North West Java	Blok Offshore North West Java/Offshore North West Java Block	Utara Laut Jawa/North West Java	19/01/2017	18/01/2037	100%	Minyak dan gas bumi/Oil and gas	20 tahun/ years	Pertamina Hulu Energi
Perolehan Wilayah Kerja Panas Bumi Gunung Lawu	Gunung Lawu	Jawa Tengah dan Jawa Timur/ Central Java and East Java	30/01/2017	29/01/2054	100%	-	37 tahun/ years	Pertamina Geothermal Energy
Perolehan Wilayah Kerja Attaka	Attaka	Kalimantan Timur/East Kalimantan	01/01/2018	24/10/2018	100%	Minyak dan gas bumi/Oil and gas	10 bulan/ months	Pertamina Hulu Indonesia
Perolehan Wilayah Kerja Panas Bumi Seulawah Agam	Seulawah Agam	Aceh	N/A	N/A	75%	-	N/A	Pertamina Geothermal Energy
Perolehan Participating Interest di Blok Kampar	Blok Kampar/ Kampar Block	Riau	01/01/2016	31/12/2035	100%	Minyak dan gas bumi/Oil and gas	20 tahun/ years	Pertamina Hulu Energi
Perolehan Participating Interest di Wilayah Kerja East Ambalat	Blok East Ambalat/East Ambalat Block	Kalimantan Timur/East Kalimantan	25/05/2016	24/05/2046	100%	-	30 tahun/ years	Pertamina Hulu Energi
Perolehan Participating Interest di Wilayah Kerja Mahakam	Mahakam	Kalimantan Timur/East Kalimantan	01/01/2018	31/12/2037	100%	Minyak dan gas bumi/Oil and gas	20 tahun/ years	Pertamina Hulu Indonesia
Perolehan Hak Unit Interest di Lapangan Unitisasi Jambaran-Tiung Biru	Blok EP dan Blok Cepu/ EP Block and Cepu Block	Jawa Tengah- Jawa Timur/ Central Java-East Java	10/11/2017	16/09/2035	82,80%	-	s.d. KKS PEPC berakhir/ until the end of PEPC's PSC	Pertamina EP Cepu

a. Akuisisi saham Etablissements Maurel et Prom SA ("M&P")

M&P terdaftar di Bursa Saham Paris dengan kepemilikan aset-aset produksi sebagai berikut: Blok Ezanga di Gabon (sebagai operator dengan Working Interest ("WI") 80%); Lapangan Mnazi Bay di Tanzania (sebagai operator dengan WI 48,06%); dan memiliki 21,37% saham Seplat (terdaftar di Bursa Saham Lagos, Nigeria dan London, Inggris) yang memiliki beberapa aset produksi di Nigeria. M&P juga memiliki area undeveloped discovery dan aset-aset eksplorasi yang berada di Italia, Prancis, Myanmar, Kanada, Tanzania, Gabon, Kolombia, dan Namibia.

a. Acquisition share in Etablissements Maurel et Prom SA ("M&P")

M&P is a listed Company in Paris Stock Exchange that has the following production assets: Ezanga Block in Gabon (as the operator with Working Interest ("WI") 80%); Mnazi Bay Field in Tanzania (as the operator with WI 48.06%); and owns 21.37% shares in Seplat (a Company listed in Lagos Stock Exchange, Nigeria and London Stock Exchange, England) which has several production assets in Nigeria. M&P also has exploration assets and undeveloped discovery areas located in Italy, France, Myanmar, Canada, Tanzania, Gabon, Colombia, and Namibia.

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The original consolidated financial statements included herein
are in the Indonesian language.

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4. AKUISISI DAN PENAMBAHAN PARTICIPATING INTEREST (lanjutan)

a. Akuisisi saham Etablissements Mauret et Prom SA ("M&P") (lanjutan)

Pada tanggal 25 Agustus 2016, Grup melalui PT Pertamina Internasional Eksplorasi dan Produksi ("PIEP") entitas anak yang sepenuhnya dimiliki oleh Perusahaan, membeli saham M&P sebanyak 47.916.026 lembar saham yang setara dengan 24,53% saham M&P. PIEP kemudian telah menambah kepemilikan saham melalui proses *tender offer* dengan syarat dan ketentuan yang sama terhadap seluruh saham M&P.

Proses akuisisi bertahap melalui *Voluntary Tender Offer* dilaksanakan dalam dua tahap. Untuk tahap pertama diselesaikan pada tanggal 25 Januari 2017 dan pembayaran dilakukan di tanggal 1 Februari 2017, dimana PIEP memiliki 64,46% saham M&P dan 63,35% hak suara, sehingga terjadi "*change of control*" atas M&P. Untuk tahap kedua *voluntary tender over* selesai pada tanggal 15 Februari 2017 dan pembayaran dilaksanakan pada tanggal 22 Februari 2017 sehingga sejak tanggal tersebut PIEP menjadi pemegang atas:

1. 141.911.939 lembar saham M&P, yang merepresentasikan 72,65% dari modal saham dan 71,39% dari hak suara di M&P;
2. 14.641.233 lembar obligasi ORNANE 2019, yang merepresentasikan 99,88% dari jumlah obligasi yang beredar;
3. 10.435.331 lembar obligasi ORNANE 2021, yang merepresentasikan 99,99% dari jumlah obligasi yang beredar.

Tanggal 20 Desember 2017, M&P membeli kembali seluruh obligasi ORNANE 2019 dan ORNANE 2021 yang dimiliki PIEP dan membayar secara tunai sejumlah nilai nominal obligasi beserta bunganya, sehingga per tanggal tersebut PIEP tidak lagi memiliki obligasi ORNANE 2019 dan ORNANE 2021.

Dengan berakhirnya proses akuisisi saham tersebut di atas dimana PIEP menjadi pemilik mayoritas dan memiliki pengendalian penuh terhadap M&P.

Perhitungan nilai wajar aset teridentifikasi dan liabilitas yang diambil alih oleh PIEP telah selesai pada tanggal 31 Desember 2017.

4. ACQUISITION AND ADDITION OF PARTICIPATING INTEREST (continued)

a. Acquisition share in Etablissements Mauret et Prom SA ("M&P") (continued)

On August 25, 2016, the Group through PT Pertamina Internasional Eksplorasi dan Produksi ("PIEP"), a wholly owned subsidiary of the Company, purchased all of the shares held by Pacifico in M&P representing 47,916,026 shares corresponding to 24.53% of M&P's shares. PIEP had increased its ownership of shares through a tender offer process with the same terms and conditions to all M&P's shares.

The process of step-up acquisition through *Voluntary Tender Offer* is conducted in two stages. The first phase was completed on January 25, 2017 and the payment was made on February 1, 2017, in which PIEP owns 64.46% of M&P shares and 63.35% of voting rights, resulting in a "*change of control*" of M&P. For the second phase of *voluntary tender over* was completed on February 15, 2017 and the payment was executed on February 22, 2017 so that from that date PIEP becomes the holder of:

1. 141,911,939 M&P shares, representing 72.65% of share capital and 71.39% of the voting rights in M&P;
2. 14,641,233 pieces of ORNANE 2019 bonds, which represent 99.88% of the outstanding bonds;
3. 10,435,331 bonds of ORNANE 2021, which represent 99.99% of the outstanding bonds.

On December 20, 2017, M&P redeemed all ORNANE 2019 and ORNANE 2021 bonds owned by PIEP and paid in cash a nominal amount of the bonds and interest thereon, so that PIEP no longer holds ORNANE 2019 and ORNANE 2021 bonds.

Following the completion of the shares acquisition, PIEP becomes the majority shareholder and has full control over M&P.

The computation of fair value of identified assets and liabilities acquired by PIEP has been completed on December 31, 2017.

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a. Akuisisi saham Etablissements Maurel et Prom SA ("M&P") (lanjutan)

Penyesuaian nilai wajar terutama berasal dari penilaian cadangan dan sumber minyak yang diakuisisi, untuk aset eksplorasi dan/atau produksi yaitu Gabon, Nigeria dan Tanzania.

Nilai wajar aset dan liabilitas teridentifikasi yang timbul dari akuisisi M&P sebagai berikut :

	Jumlah/ Amount
ASET	
Aset keuangan	353.653
Persediaan	9.678
Pajak dibayar di muka	70.844
Aset pajak tangguhan	35.096
Investasi jangka panjang	94.697
Aset minyak dan gas bumi	1.723.322
Aset lainnya	85.318
Jumlah Aset	2.372.608
LIABILITAS	
Liabilitas keuangan	913.431
Utang pajak	39.801
Liabilitas pajak tangguhan	371.004
Liabilitas imbalan kerja	1.143
Provisi biaya restorasi dan reklamasi	41.110
Total Liabilitas	1.366.489
Nilai buku atas aset neto pada tanggal akuisisi (termasuk termasuk aset dan liabilitas pajak tangguhan)	1.006.119
Selisih nilai wajar dengan nilai buku	9.600
Nilai wajar aset bersih	1.015.719
Kepemilikan yang diakuisisi	72,65%
Nilai wajar aset bersih yang diperoleh	737.920
Efek selisih kurs	28.337
Pembelian dengan diskon	(54.130)
Harga perolehan melalui pembayaran kas	712.127

4. ACQUISITION AND ADDITION OF PARTICIPATING INTEREST (continued)

a. Acquisition share in Etablissements Maurel et Prom SA ("M&P") (continued)

Fair value adjustments are primarily derived from valuation of reserves and sources of oil acquired, exploration and/or production assets i.e. Gabon, Nigeria and Tanzania.

The fair value of identified assets and liabilities arising from the acquisition of M&P are as follows:

ASSETS
Financial assets
Inventories
Prepaid taxes
Deferred tax assets
Long-term investments
Oil and gas properties
Other non-current assets
Total Aset
LIABILITIES
Financial liabilities
Tax payables
Deferred tax liabilities
Employee benefit liabilities
Provision for decommissioning and site restoration
Total Liabilities
Net assets at the acquisition date (include deferred tax assets and liabilities)
Excess of book value over fair value
Fair value of net assets
Interest acquired
Fair value of net assets acquired
Foreign currency translation
Bargain purchase
Purchase consideration through cash

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a. Akuisisi saham Etablissements Maurel et Prom SA ("M&P") (lanjutan)

Berikut ini adalah analisis arus kas atas transaksi akuisisi M&P:

Nilai transaksi akuisisi	712.127
Dikurangi:	
Kas dari M&P	(203.230)
Arus kas neto untuk memperoleh pengendalian	508.897

Nilai keuntungan dari pembelian dengan diskon termasuk keuntungan dari pengukuran kembali kepentingan ekuitas yang dimiliki sebelumnya sebesar US\$42.658.

b. Kontrak Gross Split ("Gross Split")

Pada tanggal 13 Januari 2017, Peraturan Menteri Energi dan Sumber Daya Mineral ("ESDM") No. 08/2017 tentang ketentuan-ketentuan pokok Kontrak Kerja Sama Tanpa Mekanisme Pengembalian Biaya Operasi atau disebut sebagai KKS *Gross Split* telah diterbitkan.

Setelah berakhirnya KKS Blok ONWJ pada tanggal 18 Januari 2017, PHE ONWJ dan SKK Migas menandatangani KKS *Gross Split* blok ONWJ yang berlaku efektif sejak tanggal 19 Januari 2017 dengan jangka waktu kontrak selama 20 tahun. Kontrak ONWJ tersebut menggunakan skema *Gross Split* antara Pemerintah Indonesia dan Kontraktor seperti yang diungkapkan pada Catatan 42.

c. Kontrak Kerjasama Blok Mahakam

Merujuk pada surat MESDM No. 2793/13/ME.M/2015 mengenai Pengelolaan Wilayah Kerja ("WK") Mahakam Pasca 2017, menugaskan PT Pertamina (Persero) untuk mengelola WK Mahakam dari kontraktor yang lama Total E&P Indonesia & INPEX Corporation. Untuk mengelola WK tersebut, Perusahaan melalui PT Pertamina Hulu Indonesia ("PHI") mendirikan entitas baru yaitu PT Pertamina Hulu Mahakam ("PHM").

4. ACQUISITION AND ADDITION OF PARTICIPATING INTEREST (continued)

a. Acquisition share in Etablissements Maurel et Prom SA ("M&P") (continued)

Below is cashflow analysis from the acquisition of M&P:

Transaction value of the acquisition	712.127
Less:	
Cash from M&P	(203.230)
Net cashflow to acquire control	508.897

The bargain purchase amount also include gain on remeasurment of the previously held equity interest amounting to US\$42,658.

b. Gross Split Contract ("Gross Split")

On January 13, 2017, the regulation of the Minister of Energy and Mineral Resources ("MEMR") No. 08/2017 regarding principles of the Production Sharing Contract without Cost Recovery Mechanism, also known as Gross Split PSC, was issued.

Following the expiration of ONWJ PSC on January 18, 2017, PHE ONWJ and SKK Migas signed the ONWJ block Gross Split PSC which became effective starting from January 19, 2017 with a 20 years contract period. The gross split scheme between the Government of Indonesia and the Contractor as disclosed in Note 42.

c. Mahakam Production Sharing Contract

In accordance with MEMR letter No. 2793/13/ME.M/2015 with the subject of Pengelolaan Wilayah Kerja ("WK") Mahakam Pasca 2017, PT Pertamina (Persero) is appointed to manage Mahakam Contract Area from the previous contractors Total E&P Indonesia & INPEX Corporation. To manage such working area, the Company through PT Pertamina Hulu Indonesia ("PHI") established a new entity, PT Pertamina Hulu Mahakam ("PHM").

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4. AKUISISI DAN PENAMBAHAN PARTICIPATING INTEREST (lanjutan)

c. Kontrak Kerjasama Blok Mahakam (lanjutan)

PSC Mahakam ditandatangani pada tanggal 29 Desember 2015 oleh Satuan Kerja Khusus Pelaksana Kegiatan Usaha Hulu Minyak dan Gas Bumi ("SKK Migas") dan PHM dengan tanggal efektif 1 Januari 2018. Kontrak PSC tersebut masih menerapkan konsep production sharing, namun menggunakan pendekatan *sliding scale* untuk perhitungan entitlement kontraktor berdasarkan rasio "Revenue over Costs" (R/C).

Pada tanggal 25 Oktober 2016 telah dilakukan amandemen PSC Mahakam yang pertama dengan menambahkan beberapa poin penting, diantaranya kepastian atas biaya yang dikeluarkan oleh PHM setelah tanggal penandatanganan kontrak namun sebelum tanggal efektif. Biaya tersebut dapat di-cost recovery-kan sebagai biaya operasi setelah tanggal efektif kontrak.

PSC ini mengacu pada PP No. 79 tahun 2010, dimana mekanisme *assume and discharge* untuk pajak yang menjadi insentif bagi KKKS diakui sebagai bagian dari biaya yang akan ditagihkan melalui mekanisme *cost recovery*.

Adapun ketentuan-ketentuan yang berlaku adalah sebagai berikut:

- Bagi Hasil Minyak Mentah dan Gas Bumi

Bagi hasil produksi minyak antara PHM dan Pemerintah masing-masing sebesar 23,5294% dan 76,4706%, sedangkan untuk bagi hasil gas masing-masing sebesar 47,0588% dan 52,9412% untuk tahun pertama kontrak. Adapun faktor R/C yang berlaku di tahun pertama adalah 1,3 sesuai dengan yang tercantum dalam KKS. Untuk tahun-tahun berikutnya akan menggunakan persentase bagi hasil sesuai tabel dibawah dengan menggunakan faktor R/C akhir tahun di tahun sebelumnya.

Faktor R/C sendiri adalah pendapatan kumulatif kontraktor sejak tanggal penandatanganan kontrak dibagi dengan biaya kumulatif kontraktor sejak penandatanganan kontrak.

4. ACQUISITION AND ADDITION OF PARTICIPATING INTEREST (continued)

c. Mahakam Production Sharing Contract (continued)

Mahakam PSC was signed on December 29, 2015 by the Special Unit for Upstream Oil and Gas Business Activities ("SKK Migas") and PHM effective date on January 1, 2018. The PSC Contract still uses the concept of production sharing, but has introduced a new sliding scale approach to calculate the contractor entitlement based on Revenue Over Costs (R/C) ratio.

On October 25, 2016, the Amendment of Mahakam PSC was adopted, adding some important points, including the certainty of the costs incurred by PHM after the date of signing the contract but before the effective date of the contract. These costs will be included in cost recovery as operating cost after the effective date of contract.

The PSC term is referred to PP. No. 79 Year 2010, where the *assume and discharge* mechanism for taxes that became incentives for KKKS are treated as part of the cost to be recovered through the *cost recovery* mechanism.

The provisions are as follows:

- Crude Oil and Natural Gas Production Sharing

The production share of oil between PHM and the Government amounted to 23.5294% and 76.4706%, respectively, while for production share of gas amounted to 47.0588% and 52.9412% for the first year of contract. The R/C factor in effect in the first year is 1.3 as stipulated in the PSC. For subsequent years, will use the figure from the percentage of sharing according to the table depicted below by using R/C factor at the end of the year of the previous year.

The R/C factor itself is the contractor's cumulative revenue from the date of signing the contract divided by the contractor's cumulative cost since the signing of the contract.

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4. AKUISISI DAN PENAMBAHAN PARTICIPATING INTEREST (lanjutan)

c. Kontrak Kerjasama Blok Mahakam (lanjutan)

R/C	Tax Rate	Gross Contractor Share		Net Contractor Share	
		Oil	Gas	Oil	Gas
0 – 1	36,25%	31,3726%	54,9020%	20%	35%
0 – 1,2	36,25%	27,4510%	50,9804%	18%	33%
1,2 – 1,4	36,25%	23,5294%	47,0588%	15%	30%
1,4 – 1,6	36,25%	19,6078%	43,1373%	12%	28%
> 1,6	36,25%	15,6863%	39,2157%	10%	25%

- FTP

Pemerintah dan PHM berhak untuk menerima sebesar 20% dari jumlah produksi minyak dan gas setiap tahunnya sebelum dikurangi dengan pengembalian biaya operasi dan kredit investasi. FTP dibagi antara Pemerintah dan PHM sesuai dengan bagi hasil atas produksi minyak dan gas.

Total pengeluaran barang modal dan beban operasi terkait dengan penyerahan blok Mahakam per tanggal 31 Desember 2017 adalah masing-masing sebesar US\$99.780 dan US\$63.666 dicatat sebagai aset minyak & gas bumi serta beban ditangguhkan yang baru dapat diajukan untuk pengembalian biaya mulai tanggal 1 Januari 2018.

Pada saat penerbitan laporan keuangan konsolidasian, skema pemanfaatan aset yang dahulunya dimiliki oleh Mahakam masih belum diputuskan oleh Pemerintah, dalam hal ini Direktorat Jenderal Kekayaan Negara dan Kementerian ESDM.

d. Penambahan 41.37% participating interest PT Pertamina EP Cepu ("PEPC") di lapangan unitisasi Jambaran-Tiung Biru (JTB)

Efektif sejak tanggal 3 November 2017, PEPC memperoleh tambahan 41,37% participating interest di lapangan JTB yang sebelumnya dimiliki oleh ExxonMobil Cepu Limited dan Ampolex (Cepu) Pte. Ltd., sehingga participating interest PEPC di lapangan JTB menjadi 82,74%. Pembayaran untuk akuisisi ini adalah senilai US\$103.000. Kontraktor lain di lapangan JTB pada tanggal 31 Desember 2017 adalah PT Pertamina EP sebesar 8,06% dan Badan Usaha Milik Daerah (BUMD) sebesar 9,19%.

4. ACQUISITION AND ADDITION OF PARTICIPATING INTEREST (continued)

c. Mahakam Production Sharing Contract (continued)

R/C	Tax Rate	Gross Contractor Share		Net Contractor Share	
		Oil	Gas	Oil	Gas
0 – 1	36,25%	31,3726%	54,9020%	20%	35%
0 – 1,2	36,25%	27,4510%	50,9804%	18%	33%
1,2 – 1,4	36,25%	23,5294%	47,0588%	15%	30%
1,4 – 1,6	36,25%	19,6078%	43,1373%	12%	28%
> 1,6	36,25%	15,6863%	39,2157%	10%	25%

- FTP

The Government and PHM are entitled to receive an amount equal to 20% of the total production of oil and gas each year before any deduction for recovery of operating costs and investment credit. FTP is shared between the Government and PHM in accordance with the entitlements to oil and gas production.

Total capital and operational expense in relation with the transfer of Mahakam block as of December 31, 2017 amounted to US\$99,780 and US\$63,666 respectively recorded as oil & gas properties and deferred expense that can be proposed for cost recovery from January 1, 2018.

As at the authorisation date of these consolidated financial statements, the scheme for utilization of assets previously owned by Mahakam has not been determined by the Government, in this case Directorate General of State Assets and MoEMR.

d. Addition of PT Pertamina EP Cepu ("PEPC") 41.37% participating interest in Jambaran-Tiung Biru (JTB) unitization field

Effective from November 3, 2017, PEPC acquired an additional 41.37% participating interest in JTB field previously held by ExxonMobil Cepu Limited and Ampolex (Cepu) Pte. Ltd. increasing PEPC's participating interest in JTB field to 82.74%. The consideration for this acquisition was US\$103,000. The other contractors in JTB field are PT Pertamina EP 8.06% and Badan Usaha Milik Daerah (BUMD) 9.19%.

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5. KAS DAN SETARA KAS

5. CASH AND CASH EQUIVALENTS

	<u>2017</u>	<u>2016</u>	
Kas	7.915	5.897	Cash on hand
Kas di bank	2.055.206	2.026.942	Cash in banks
Deposito berjangka	<u>3.163.211</u>	<u>3.225.687</u>	Time deposits
Jumlah	<u>5.226.332</u>	<u>5.258.526</u>	Total

Rincian kas dan setara kas berdasarkan mata uang dan masing-masing bank adalah sebagai berikut:

The details of cash and cash equivalents based on currency and by individual bank are as follows:

	<u>2017</u>	<u>2016</u>	
Kas			Cash on hand
Rupiah	7.256	5.127	Rupiah
Dolar AS	567	653	US Dollar
Lain-lain	<u>92</u>	<u>117</u>	Others
Jumlah kas	<u>7.915</u>	<u>5.897</u>	Total cash on hand
Kas di bank			Cash in banks
Dolar AS:			US Dollar:
<u>Entitas berelasi dengan Pemerintah</u>			<u>Government-related entities</u>
- PT Bank Negara Indonesia (Persero) Tbk. ("BNI")	427.787	331.493	PT Bank Negara Indonesia (Persero) Tbk. ("BNI") -
- PT Bank Rakyat Indonesia (Persero) Tbk. ("BRI")	399.143	611.126	PT Bank Rakyat Indonesia (Persero) Tbk. ("BRI") -
- PT Bank Mandiri (Persero) Tbk. ("Bank Mandiri")	277.387	357.298	PT Bank Mandiri (Persero) Tbk. ("Bank Mandiri") -
- Bank-bank lain (masing-masing di bawah US\$10.000)	852	9.033	Other banks (each below US\$10,000) -
<u>Pihak ketiga</u>			<u>Third parties</u>
- Credit Agricole Corporate and Investment Bank ("Calyon")	83.209	-	Credit Agricole Corporate and Investment Bank ("Calyon") -
- Citibank, N.A.	27.719	7.602	Citibank, N.A. -
- PT Bank Maybank Indonesia Tbk. ("Maybank")	4.523	10.367	PT Bank Maybank Indonesia Tbk. ("Maybank") -
- Bank-bank lain (masing-masing di bawah US\$10.000)	<u>16.458</u>	<u>22.193</u>	Other banks (each below US\$10,000) -
Jumlah rekening Dolar AS	<u>1.237.078</u>	<u>1.349.112</u>	Total US Dollar accounts
Rupiah:			Rupiah:
<u>Entitas berelasi dengan Pemerintah</u>			<u>Government-related entities</u>
- Bank Mandiri	226.159	219.277	Bank Mandiri -
- BNI	170.712	75.634	BNI -
- PT Bank Tabungan Negara (Persero) Tbk. ("BTN")	197.405	177.216	PT Bank Tabungan Negara (Persero) Tbk. ("BTN") -
- BRI	130.808	127.811	BRI -
- Bank-bank lain (masing-masing di bawah US\$10.000)	3.738	4.817	Other banks (each below US\$10,000) -
<u>Pihak ketiga</u>			<u>Third parties</u>
- PT Bank Central Asia Tbk. ("BCA")	29.958	29.912	PT Bank Central Asia Tbk. ("BCA") -
- Citibank, N.A.	20.965	5.210	Citibank, N.A. -
- Bank-bank lain (masing-masing di bawah US\$10.000)	<u>15.277</u>	<u>16.048</u>	Other banks (each below US\$10,000) -
Jumlah rekening Rupiah	<u>795.022</u>	<u>655.925</u>	Total Rupiah accounts
Euro:			Euro:
<u>Entitas berelasi dengan Pemerintah</u>			<u>Government-related entities</u>
- BRI	1	18.271	BRI -
- Bank-bank lain (masing-masing di bawah US\$10.000)	<u>677</u>	<u>12</u>	Other banks (each below US\$10,000) -
Jumlah rekening Euro	<u>678</u>	<u>18.283</u>	Total Euro accounts
Kas di bank - rekening mata uang asing lainnya - Pihak ketiga	<u>22.428</u>	<u>3.622</u>	Cash in banks - other currency accounts - Third parties
Jumlah kas di bank	<u>2.055.206</u>	<u>2.026.942</u>	Total cash in banks

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5. KAS DAN SETARA KAS (lanjutan)**5. CASH AND CASH EQUIVALENTS (continued)**

	<u>2017</u>	<u>2016</u>	
Deposito berjangka dengan jatuh tempo tiga bulan atau kurang:			Time deposits with original maturities of three months or less:
Deposito berjangka - rekening Rupiah:			Time deposits - Rupiah accounts:
<u>Entitas berelasi dengan Pemerintah</u>			<u>Government-related entities</u>
- BRI	965.096	1.278.606	BRI -
- BNI	458.086	686.406	BNI -
- Bank Mandiri	407.736	636.475	Bank Mandiri -
- BTN	109.117	53.915	BTN -
- PT Bank Syariah Mandiri	47.549	38.642	PT Bank Syariah Mandiri -
- PT Bank BNI Syariah	29.340	38.070	PT Bank BNI Syariah -
- PT Bank Rakyat Indonesia Agroniaga Tbk.	25.834	21.584	PT Bank Rakyat Indonesia Agroniaga Tbk. -
- Bank-bank lain (masing-masing di bawah US\$10.000)	2.731	2.494	Other banks (each below US\$10,000) -
<u>Pihak ketiga</u>			<u>Third parties</u>
- PT Bank Bukopin Tbk.	24.648	2.108	PT Bank Bukopin Tbk. -
- PT Bank Central Asia Tbk. ("BCA")	23.620	1.489	PT Bank Central Asia Tbk. ("BCA") -
- PT Bank Muamalat Indonesia Tbk. ("Bank Muamalat")	4.601	10.159	PT Bank Muamalat Indonesia Tbk. ("Bank Muamalat") -
- Bank-bank lain (masing-masing di bawah US\$10.000)	14.984	9.505	Other banks (each below US\$10,000) -
Jumlah deposito berjangka - rekening Rupiah	<u>2.113.342</u>	<u>2.779.453</u>	Total time deposits - Rupiah accounts
Deposito berjangka - rekening Dolar AS:			Time deposits - US Dollar accounts:
<u>Entitas berelasi dengan Pemerintah</u>			<u>Government-related entities</u>
- BRI	699.876	52.095	BRI -
- BNI	328.030	23.163	BNI -
- Bank Mandiri	18.043	316.300	Bank Mandiri -
- Bank-bank lain (masing-masing di bawah US\$10.000)	5	5	Other banks (each below US\$10,000) -
<u>Pihak ketiga</u>			<u>Third parties</u>
- PT Bank Bukopin Tbk.	3.670	10.227	PT Bank Bukopin Tbk. -
- Bank Muamalat	-	21.550	Bank Muamalat -
- BCA	-	10.000	BCA -
- PT Bank Tabungan Pensiunan Nasional	-	8.450	PT Bank Tabungan Pensiunan Nasional -
- Bank-bank lain (masing-masing di bawah US\$10.000)	245	4.444	Other banks (each below US\$10,000) -
Jumlah deposito berjangka - rekening Dolar AS	<u>1.049.869</u>	<u>446.234</u>	Total time deposits - US Dollar accounts
Deposito berjangka - rekening Dolar Hong Kong	-	-	Time deposits - Hong Kong Dollar accounts
Jumlah deposito berjangka	<u>3.163.211</u>	<u>3.225.687</u>	Total time deposits
Jumlah kas dan setara kas	<u>5.226.332</u>	<u>5.258.526</u>	Total cash and cash equivalents

Tingkat bunga per tahun deposito berjangka selama tahun 2017 dan 2016 adalah sebagai berikut:

Annual interest rates on time deposits during 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>	
Rupiah	3,00% - 8,75%	3,75% - 10,50%	Rupiah
Dolar AS	0,40% - 2,36%	0,50% - 1,75%	US Dollar

Eksposur maksimum terhadap risiko kredit pada akhir periode pelaporan senilai jumlah tercatat dari setiap kelas kas dan setara kas sebagaimana yang dijabarkan di atas.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

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6. KAS YANG DIBATASI PENGGUNAANNYA

6. RESTRICTED CASH

	<u>2017</u>	<u>2016</u>	
Rekening Dolar AS:			US Dollar accounts:
<u>Entitas berelasi dengan Pemerintah</u>			<u>Government-related entities</u>
- BRI	40.469	69.784	BRI -
- BNI	38.526	29.965	BNI -
- Bank Mandiri	2.165	3.819	Bank Mandiri -
 <u>Pihak ketiga</u>			 <u>Third parties</u>
- Bank-bank lain (masing-masing di bawah US\$10.000)	231	413	Other banks (each below - US\$10,000)
 Rekening Rupiah:			 Rupiah accounts:
<u>Entitas berelasi dengan Pemerintah</u>			<u>Government-related entities</u>
- BNI	3.453	4.243	BNI -
- BRI	3.408	6.066	BRI -
- Bank Mandiri	875	978	Bank Mandiri -
 <u>Pihak ketiga</u>			 <u>Third parties</u>
- Bank-bank lain (masing-masing di bawah US\$10.000)	792	7.429	Other banks (each below - US\$10,000)
 Jumlah	<u>89.919</u>	<u>122.697</u>	 Total

Tingkat bunga per tahun atas kas yang dibatasi penggunaannya selama tahun 2017 dan 2016 adalah sebagai berikut:

Annual interest rates on restricted cash in 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>	
Rupiah	2,00% - 8,50%	0,75% - 5,60%	Rupiah
Dolar AS	0,75% - 0,80%	0,1% - 0,80%	US Dollar

Rekening Dolar AS

US Dollar Accounts

Rekening escrow berkaitan dengan *Letter of Credit* ("L/C") yang diterbitkan untuk pengadaan minyak mentah dan produk turunannya serta bank garansi.

The escrow accounts were related to *Letter of Credit* ("L/C") issued for the procurement of crude oil and other petroleum products as well as bank guarantees.

Rekening Rupiah

Rupiah Accounts

Rekening escrow adalah deposito berjangka yang dijamin untuk penerbitan bank garansi dan *performance bond*.

The escrow accounts represent time deposits used as collateral for bank guarantees and performance bonds.

7. PIUTANG USAHA - PIHAK KETIGA

7. TRADE RECEIVABLES - THIRD PARTIES

a. Piutang usaha

a. Trade receivables

	<u>2017</u>	<u>2016</u>	
Piutang usaha	1.597.025	1.435.629	Trade receivables
Penyisihan penurunan nilai	(211.506)	(204.340)	Provision for impairment
Jumlah	<u>1.385.519</u>	<u>1.231.289</u>	Total

b. Mutasi penyisihan penurunan nilai atas piutang usaha adalah sebagai berikut:

b. Movements in the provision for impairment of trade receivables are as follows:

	<u>2017</u>	<u>2016</u>	
Saldo awal	(204.340)	(189.221)	Beginning balance
Penurunan nilai selama tahun berjalan	(42.001)	(16.762)	Impairment during the year

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7. PIUTANG USAHA - PIHAK KETIGA (lanjutan)

	<u>2017</u>	<u>2016</u>	
Pemulihan penurunan nilai atas piutang yang terpulihkan	33.935	2.987	Reversal of impairment on the recovered receivables
Selisih kurs	900	(1.344)	Foreign exchange difference
Neto	<u>(211.506)</u>	<u>(204.340)</u>	Net

Eksposur maksimum risiko kredit pada tanggal pelaporan sebesar nilai tercatat dari piutang di atas. Grup tidak menguasai aset-aset sebagai jaminan piutang.

The maximum exposure to credit risk at the reporting date is the carrying value of the receivables mentioned above. The Group does not hold any collateral as security.

Berdasarkan evaluasi manajemen terhadap kolektibilitas saldo masing-masing piutang usaha pada tanggal 31 Desember 2017, manajemen berkeyakinan bahwa jumlah penyisihan penurunan nilai memadai untuk menutup kemungkinan kerugian dari tidak tertagihnya piutang usaha dari pihak ketiga.

Based on management's review of the collectibility of each balance of trade receivables as of December 31, 2017, management believes that the provision for impairment is adequate to cover potential losses as a result of uncollected third parties' trade receivables.

Beberapa piutang usaha digunakan sebagai jaminan atas pinjaman utang jangka panjang oleh entitas anak tertentu (Catatan 19a).

Certain trade receivables were pledged as collateral for certain subsidiaries' long-term loans (Note 19a).

Manajemen berkeyakinan bahwa tidak terdapat konsentrasi risiko kredit yang signifikan atas piutang usaha dari pihak ketiga.

Management believes that there is no significant concentration on credit risk involving trade receivables from third parties.

- c. Piutang usaha berdasarkan mata uang adalah sebagai berikut:

- c. *Details of trade receivables by currencies are as follows:*

	<u>2017</u>	<u>2016</u>	
Dolar AS	754.898	886.267	US Dollar
Rupiah	842.117	549.362	Rupiah
Euro	10	-	Euro
Jumlah	<u>1.597.025</u>	<u>1.435.629</u>	Total

8. PIUTANG PEMERINTAH**8. DUE FROM THE GOVERNMENT**

	<u>2017</u>	<u>2016</u>	
Perusahaan:			<i>The Company:</i>
Piutang atas penggantian biaya subsidi LPG tabung 3 kg	1.404.911	1.068.920	<i>Receivable of subsidy reimbursements for 3 kg LPG cylinders</i>
Piutang atas penggantian biaya subsidi jenis BBM tertentu	473.928	422.398	<i>Receivable of subsidy reimbursements for certain fuel (BBM) products</i>
Piutang imbalan jasa pemasaran	49.902	86.811	<i>Receivables of marketing fees</i>
Piutang lain-lain	102	14	<i>Other receivables</i>
Jumlah Perusahaan	<u>1.928.843</u>	<u>1.578.143</u>	Total the Company
Entitas anak	337.832	214.314	<i>Subsidiaries</i>
Jumlah konsolidasian	<u>2.266.675</u>	<u>1.792.457</u>	Total Consolidated
Penyisihan penurunan nilai	(110.936)	-	<i>Provision for impairment</i>
Jumlah (Catatan 40)	<u>2.155.739</u>	<u>1.792.457</u>	Total (Note 40)
Bagian tidak lancar	(663.114)	-	<i>Non-Current portion</i>
Bagian Lancar	<u>1.492.625</u>	<u>1.792.457</u>	Current portion

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8. PIUTANG PEMERINTAH (lanjutan)

Mutasi penyisihan penurunan nilai piutang Pemerintah adalah sebagai berikut:

	<u>2017</u>	<u>2016</u>	
Saldo awal	-	(33.196)	Beginning balance
Penurunan nilai selama tahun berjalan	(110.936)	-	Impairment during the year
Pemulihan	-	7.312	Recovery
Penyesuaian	-	25.884	Adjustment
Saldo akhir	<u>(110.936)</u>	<u>-</u>	Ending balance

Pada tanggal 30 Desember 2016, Menteri Keuangan Republik Indonesia melalui surat No. S-1178/MK.02/2016, perihal fee penjualan LNG di Kilang Arun dan Badak kepada Perusahaan menyampaikan bahwa fee penjualan LNG untuk Perusahaan yang ditanggung oleh negara adalah berdasarkan pada jumlah volume LNG bagian negara. Atas dasar ini, Perusahaan melakukan penyesuaian piutang imbalan jasa pemasaran dan penyisihan penurunan nilai piutang imbalan jasa pemasaran.

Penyisihan atas piutang subsidi merupakan dampak dari adanya penundaan pembayaran piutang subsidi tahun 2016 sesuai dengan Surat Direktorat Jenderal Anggaran No. S-2616/AG/2017 tertanggal 12 Desember 2017.

a. Piutang atas penggantian biaya subsidi jenis BBM tertentu

Piutang Perusahaan atas penggantian biaya subsidi jenis BBM tertentu merupakan tagihan atas subsidi BBM yang disalurkan kepada masyarakat.

Penugasan Pemerintah dalam bentuk *Public Service Obligation* ("PSO") kepada Perusahaan ditetapkan berdasarkan kontrak tahunan dengan BPH Migas. Penetapan harga jual BBM bersubsidi tersebut didasarkan pada Surat Keputusan Menteri Energi dan Sumber Daya Mineral ("MESDM").

Saldo piutang penggantian subsidi jenis BBM tertentu ini akan dibayarkan melalui mekanisme Anggaran Pendapatan dan Belanja Negara ("APBN") periode berikutnya.

	<u>2017</u>	<u>2016</u>	
Saldo awal	422.398	893.062	Beginning balance
Penggantian biaya subsidi jenis BBM tertentu tahun berjalan (Catatan 28)	595.206	753.250	Subsidy reimbursements for certain fuel (BBM) products for current year (Note 28)
Pajak-pajak	69.617	83.145	Taxes

8. DUE FROM THE GOVERNMENT (continued)

Movements in the provision for impairment of amounts due from the Government are as follows:

	<u>2017</u>	<u>2016</u>	
Saldo awal	-	(33.196)	Beginning balance
Penurunan nilai selama tahun berjalan	(110.936)	-	Impairment during the year
Pemulihan	-	7.312	Recovery
Penyesuaian	-	25.884	Adjustment
Saldo akhir	<u>(110.936)</u>	<u>-</u>	Ending balance

On December 30, 2016, the Minister of Finance of the Republic of Indonesia through letter No. S-1178/MK.02/2016, regarding marketing fee of LNG on Arun and Badak refineries payable to the Company, stated that the LNG marketing fee to the Company covered by the state is based on the volume of LNG in Indonesia. On this basis, the Company has adjusted the receivables from marketing fees and provided impairment losses.

Allowance for subsidy account arises from the delay of 2016 subsidy receivable settlement in accordance with Directorate General of Budgeting Letter No. S-2616/AG/2017 dated December 12, 2017.

a. Receivable of subsidy reimbursements for certain fuel (BBM) products

The Company's receivable of subsidy reimbursements for certain fuel ("BBM") products represents billings for the BBM subsidy provided to the public.

The Public Service Obligation ("PSO") mandates to the Company from the Government is based on an annual contract with BPH Migas. The sales price of the subsidised BBM products is based on Minister of Energy and Mineral Resources' ("MoEMR's") Decree.

The receivable balance of subsidy reimbursements for certain fuel (BBM) products will be settled through the next State Budget and Expenditure ("APBN") period.

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8. PIUTANG PEMERINTAH (lanjutan)**a. Piutang atas penggantian biaya subsidi jenis BBM tertentu (lanjutan)**

	<u>2017</u>	<u>2016</u>
Koreksi BPK atas penggantian biaya subsidi jenis BBM tertentu tahun:		
- 2016 (Catatan 28)	(605)	-
- 2015 (Catatan 28)	-	(1.574)
Penerimaan tunai	(600.992)	(1.334.981)
(Kerugian)/keuntungan selisih kurs	<u>(11.696)</u>	<u>29.496</u>
Saldo akhir	<u>473.928</u>	<u>422.398</u>

Koreksi atas perhitungan tagihan penggantian biaya subsidi BBM dilakukan berdasarkan hasil audit dari Badan Pemeriksa Keuangan ("BPK") dan dicatat pada periode dimana audit diselesaikan.

b. Piutang atas penggantian biaya subsidi LPG tabung 3 kg

Piutang ini merupakan penggantian biaya subsidi LPG 3 kg yang disalurkan kepada masyarakat. Penugasan Pemerintah dalam bentuk PSO kepada Perusahaan dan penetapan harganya ditetapkan berdasarkan kontrak tahunan dengan MESDM.

Saldo piutang subsidi LPG 3 kg ini akan dibayarkan melalui mekanisme APBN periode berikutnya.

	<u>2017</u>	<u>2016</u>
Saldo awal	1.068.921	934.825
Penggantian biaya subsidi LPG tabung 3 kg tahun berjalan (Catatan 28)	2.977.967	1.817.647
Koreksi BPK atas penggantian biaya subsidi LPG tabung 3 kg tahun:		
- 2016 (Catatan 28)	(484)	-
- 2015 (Catatan 28)	-	(479)
Penerimaan tunai	(2.624.110)	(1.720.295)
(Kerugian)/keuntungan selisih kurs	<u>(17.383)</u>	<u>37.222</u>
Saldo akhir	<u>1.404.911</u>	<u>1.068.920</u>

8. DUE FROM THE GOVERNMENT (continued)**a. Receivable of subsidy reimbursements for certain fuel (BBM) products (continued)**

*Correction from BPK for subsidy reimbursements for certain fuel (BBM) products for the year:
2016 (Note 28) -
2015 (Note 28) -
Cash received
(Loss)/gain on foreign exchange
Ending balance*

Corrections on billings for subsidy cost reimbursements are based on The Audit Board of the Republic of Indonesia ("BPK")'s Audit and recorded in the period in which the audit was completed.

b. Receivable of subsidy reimbursements for 3 kg LPG cylinders

These receivables represent subsidy reimbursements for 3 kg LPG cylinders which were distributed to the public by the Company. This Government assignment is in the form of a PSO and its pricing is based on a yearly contract with MoEMR.

The receivable balance for the 3 kg LPG cylinders subsidy will be settled through the APBN mechanism in the next period.

*Beginning balance
Subsidy reimbursements for 3 kg LPG cylinders for the current year (Note 28)
Corrections from BPK for subsidy reimbursements for 3 kg LPG cylinders year:
2016 (Note 28) -
2015 (Note 28) -
Cash received
(Loss)/gain on foreign exchange
Ending balance*

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8. PIUTANG PEMERINTAH (lanjutan)

c. Piutang imbalan jasa pemasaran

Piutang ini merupakan jumlah tagihan Perusahaan kepada Pemerintah melalui SKK Migas untuk komisi jasa memasarkan minyak mentah, gas bumi dan LNG milik Pemerintah.

Rincian piutang imbalan jasa pemasaran adalah sebagai berikut:

	<u>2017</u>	<u>2016</u>
Imbalan jasa pemasaran:		
2017	26.529	-
2016	23.373	23.373
2015	-	20.698
2014	-	9.150
2013	-	9.007
2012	-	11.866
2011	-	12.717
Saldo akhir	<u>49.902</u>	<u>86.811</u>

d. Piutang Entitas Anak

	<u>2017</u>	<u>2016</u>
Entitas Anak:		
PEP		
- Domestic Market Obligation ("DMO") fees	90.930	77.340
PHE		
- DMO fees	25.859	25.613
- Underlifting	46.480	31.395
PEPC		
- Underlifting	174.563	79.966
Jumlah - Entitas Anak	<u>337.832</u>	<u>214.314</u>

DMO fees merupakan tagihan kepada Pemerintah sehubungan dengan kewajiban PEP dan PHE dalam menyediakan minyak mentah untuk memenuhi kebutuhan pasar dalam negeri untuk produk minyak sesuai dengan KKS-nya.

Piutang *underlifting* merupakan piutang PEPC dan PHE dari SKK Migas karena volume *lifting* minyak mentah dan gas bumi yang dilakukan oleh SKK Migas melebihi *entitlement* pada tahun yang bersangkutan.

8. DUE FROM THE GOVERNMENT (continued)

c. Receivables of marketing fees

These receivables represent amounts due from the Government through SKK Migas to the Company for fees from marketing activities in relation to the Government's crude oil, natural gas and LNG.

The details of marketing fees are as follows:

	<u>2017</u>	<u>2016</u>
Marketing fees:		
2017	-	-
2016	23.373	23.373
2015	20.698	20.698
2014	9.150	9.150
2013	9.007	9.007
2012	11.866	11.866
2011	12.717	12.717
Ending balance	<u>86.811</u>	<u>86.811</u>

d. Subsidiaries' receivables

	<u>2017</u>	<u>2016</u>
Subsidiaries:		
PEP		
- Domestic Market Obligation ("DMO") fees	77.340	77.340
PHE		
- DMO fees	25.613	25.613
- Underlifting	31.395	31.395
PEPC		
- Underlifting	79.966	79.966
Total - Subsidiaries	<u>214.314</u>	<u>214.314</u>

DMO fees represent amounts due from the Government in relation to PEP and PHE's obligation to supply crude oil to meet the domestic market demand for fuel products in accordance with the PSCs.

The *underlifting* receivables represent PEPC and PHE's receivables from SKK Migas as a result of SKK Migas actual *lifting* of crude oil and gas being higher than its entitlement for the respective year.

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8. PIUTANG PEMERINTAH (lanjutan)**d. Piutang Entitas Anak (lanjutan)**

Berdasarkan evaluasi manajemen terhadap kolektibilitas saldo masing-masing piutang entitas anak pada tanggal 31 Desember 2017, manajemen berkeyakinan bahwa jumlah penyisihan penurunan nilai memadai untuk menutup kemungkinan kerugian dari tidak tertagihnya piutang entitas anak dari Pemerintah.

Pada tahun 2017, Perusahaan menggunakan harga ketetapan untuk pengakuan penjualan minyak solar Jenis BBM Tertentu ("JBT") dan premium Jenis BBM Khusus Penugasan ("JBKP") sesuai dengan revisi Rencana Kerja dan Anggaran Perusahaan tahun 2017 yang telah disetujui oleh Dewan Komisaris dan Pemegang Saham pada tanggal 8 Desember 2017.

8. DUE FROM THE GOVERNMENT (continued)**d. Subsidiaries' receivables (continued)**

Based on management's review of the collectibility of each balance of subsidiaries' receivables as of December 31, 2017, management believes that the provision for impairment is adequate to cover potential losses as a result of uncollected subsidiaries' receivables from Government.

During 2017, the Company uses decreed price to recognize sale of certain fuel (BBM) products such as diesel and special assignment fuel (BBM) products such as gasoline based on revised of work plan and budget for the year 2017 which has been approved by the Board of Commissioners and Shareholder on December 9, 2017.

9. PERSEDIAAN

	<u>2017</u>	<u>2016</u>
Gas	13.361	-
Minyak mentah:		
Produksi dalam negeri	1.029.639	799.513
Impor	<u>754.663</u>	<u>467.391</u>
Sub jumlah minyak mentah	<u>1.784.302</u>	<u>1.266.904</u>
Produk minyak:		
Minyak solar	755.620	593.658
Bensin Premium	594.740	461.811
Bensin Pertamina, Pertamina Plus Pertalite dan Pertadex (minyak diesel)	451.999	311.575
Produk minyak dalam proses produksi Avtur dan Avigas	347.408 220.903	327.709 125.795
BBM industri dan marine	118.515	97.658
Minyak tanah	75.503	73.808
Minyak diesel industri	21.722	27.315
LPG, petrokimia, pelumas dan lainnya	<u>1.192.109</u>	<u>971.188</u>
Sub jumlah produk minyak	<u>3.778.519</u>	<u>2.990.517</u>
Sub jumlah gas, minyak mentah dan produk minyak	5.576.182	4.257.421
Dikurangi: Penyisihan penurunan nilai persediaan produk minyak (Catatan 31)	<u>(92.854)</u>	<u>(76.542)</u>
	<u>5.483.328</u>	<u>4.180.879</u>
Material	553.280	546.715
Dikurangi: Penyisihan penurunan nilai persediaan material	<u>(68.981)</u>	<u>-</u>
	<u>484.299</u>	<u>546.715</u>
Jumlah	<u>5.967.627</u>	<u>4.727.594</u>

9. INVENTORIES

Gas
Crude oil:
Domestic production
Imported
Sub-total for crude oil
Oil products:
Automotive Diesel Oil ("ADO")
Premium gasoline
Pertamax, Pertamina Plus, Pertalite gasoline and Pertadex (diesel oil)
Oil products in process of production
Avtur and Avigas
Industrial/ Marine
Fuel Oil ("IFO/MFO")
Kerosene
Industrial Diesel Oil ("IDO")
LPG, petrochemicals, lubricants and others
Sub-total for oil products
Sub-total for gas, crude oil and oil products
Less: Provision for decline in value of oil products (Note 31)
Materials
Less: Provision for decline in value of material
Total

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9. PERSEDIAAN (lanjutan)

Mutasi penyisihan penurunan nilai persediaan produk minyak adalah sebagai berikut:

	<u>2017</u>	<u>2016</u>	
Saldo awal	(76.542)	(225.457)	<i>Beginning balance</i>
Pembalikan (Catatan 31)	76.542	225.457	<i>Reversal (Note 31)</i>
Penambahan selama tahun berjalan (Catatan 31)	<u>(92.854)</u>	<u>(76.542)</u>	<i>Addition during the year (Note 31)</i>
Saldo akhir	<u>(92.854)</u>	<u>(76.542)</u>	<i>Ending balance</i>

Pada tahun 2017, Grup telah melakukan pembalikan provisi tahun lalu sebesar US\$76.542 sesuai dengan nilai realisasi bersihnya.

Movements in the provision for decline in value of oil products are as follows:

In 2017, the Group has reversed the provision for last year amounting to US\$76,542 in accordance with the net realisable value.

Mutasi penyisihan penurunan nilai material adalah sebagai berikut:

	<u>2017</u>	<u>2016</u>	
Saldo awal	-	-	<i>Beginning balance</i>
Penambahan selama tahun berjalan	<u>(68.981)</u>	<u>-</u>	<i>Addition during the year</i>
Saldo akhir	<u>(68.981)</u>	<u>-</u>	<i>Ending balance</i>

Pada tanggal 31 Desember 2017, Perusahaan melakukan penyisihan penurunan nilai material sebesar US\$68.981.

Movements in the provision for decline in value of materials are as follows:

As of December 31, 2017, the Company recognized provision for decline in value of materials amounted to US\$68,981.

Manajemen berkeyakinan bahwa penyisihan penurunan nilai persediaan produk minyak dan material mencukupi untuk menutup kemungkinan kerugian yang timbul dari penurunan nilai realisasi persediaan.

Management believes that the provision for decline in value of oil products and materials are adequate to cover possible losses that may arise from a decline in the realizable value of inventories.

Pada tanggal-tanggal 31 Desember 2017 dan 2016, persediaan telah diasuransikan terhadap risiko kebakaran dan risiko lainnya (Catatan 12). Manajemen berkeyakinan bahwa nilai pertanggungjawaban tersebut cukup untuk menutup kemungkinan kerugian yang dapat timbul terkait dengan persediaan yang diasuransikan.

As of Desember 31, 2017 and 2016, inventories were insured against fire and other risks (Note 12). Management believes that the insurance coverage amount is adequate to cover any possible losses that may arise in relation to the insured inventories.

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10. INVESTASI LAINNYA

Investasi ini merupakan aset neto yang tersedia untuk didistribusikan kepada Perusahaan sehubungan likuidasi Grup Petral sesuai dengan Keputusan Rapat Umum Pemegang Saham ("RUPS") Perusahaan tanggal 13 Juli 2015, adalah sebagai berikut:

	<u>2017</u>	<u>2016</u>	
Kas dan setara kas	67.113	80.348	Cash and cash equivalents
Piutang usaha	45.111	45.111	Trade receivables
Aset lain-lain	248	248	Other assets
Utang lain-lain	<u>(85.144)</u>	<u>(82.517)</u>	Other payables
Jumlah aset neto	<u>27.328</u>	<u>43.190</u>	Total net assets

Pada tanggal 13 Maret 2017, Pertamina Energy Trading Limited ("Petral") telah mendistribusikan dananya kepada Perusahaan.

Pada 16 Juni 2017, Zambesi Investment Limited ("Zambesi") telah dilikuidasi.

Berdasarkan Rapat Umum Pemegang Saham Perusahaan tanggal 16 Juni 2017, Pemegang Saham Perusahaan menyetujui untuk memperpanjang proses likuidasi Grup Petral sampai dengan tanggal 13 Juli 2018.

Pada tanggal 31 Oktober 2017, Petral telah dilikuidasi.

Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian, Pertamina Energy Services Pte. Ltd. masih dalam proses likuidasi.

10. OTHER INVESTMENTS

These investments represent net assets held for distribution to the Company in respect of the liquidation of Petral Group in accordance with the General Meeting of Shareholder ("GMS") of the Company on July 13, 2015, as follows:

	<u>2017</u>	<u>2016</u>	
Kas dan setara kas	67.113	80.348	Cash and cash equivalents
Piutang usaha	45.111	45.111	Trade receivables
Aset lain-lain	248	248	Other assets
Utang lain-lain	<u>(85.144)</u>	<u>(82.517)</u>	Other payables
Jumlah aset neto	<u>27.328</u>	<u>43.190</u>	Total net assets

On March 13, 2017, distribution to Pertamina Energy Trading Limited ("Petral") has distributed fund to the Company.

On June 16, 2017, Zambesi Investment Limited ("Zambesi") was dissolved.

Based on the Company's shareholder Meeting dated June 16, 2017, the Company's shareholder agreed to extend the liquidation of Petral Group until July 13, 2018.

On October 31, 2017, Petral was dissolved.

Until the completion date of these consolidated financial statements, Pertamina Energy Services Pte. Ltd. is in liquidation process.

11. PENYERTAAN JANGKA PANJANG

	<u>2017</u>	<u>2016</u>	
Investasi pada blok minyak dan gas - neto	1.227.187	1.427.011	Investment in oil and gas blocks - net
Investasi pada entitas asosiasi - neto	583.694	697.850	Investments in associates - net
Investasi pada obligasi - neto	391.307	391.307	Investment in bonds - net
Investasi pada ventura bersama	307.804	307.438	Investments in joint ventures
Properti investasi	284.354	304.373	Investment properties
Penyertaan saham - neto	6.289	6.289	Investments in shares of stock - net
Aset keuangan lainnya	<u>21.364</u>	<u>22.493</u>	Other financial assets
Jumlah	<u>2.821.999</u>	<u>3.156.761</u>	Total

(i) Investasi pada blok minyak dan gas

Investasi pada blok minyak dan gas merupakan investasi Grup di beberapa blok minyak dan gas berlokasi di Malaysia dengan Murphy Sabah Oil Co. Ltd. dan Murphy Sarawak Oil Co. Ltd. sebagai operator. Grup mencatat investasi ini dengan metode ekuitas karena memiliki pengaruh signifikan di dalam *undivided interest* dari blok-blok minyak dan gas bumi tersebut.

11. LONG-TERM INVESTMENTS

	<u>2017</u>	<u>2016</u>	
Investasi pada blok minyak dan gas - neto	1.227.187	1.427.011	Investment in oil and gas blocks - net
Investasi pada entitas asosiasi - neto	583.694	697.850	Investments in associates - net
Investasi pada obligasi - neto	391.307	391.307	Investment in bonds - net
Investasi pada ventura bersama	307.804	307.438	Investments in joint ventures
Properti investasi	284.354	304.373	Investment properties
Penyertaan saham - neto	6.289	6.289	Investments in shares of stock - net
Aset keuangan lainnya	<u>21.364</u>	<u>22.493</u>	Other financial assets
Jumlah	<u>2.821.999</u>	<u>3.156.761</u>	Total

(i) Investment in oil and gas blocks

Investment in oil and gas blocks represents the Group's investment in several oil and gas blocks located in Malaysia which is being operated by Murphy Sabah Oil Co. Ltd. and Murphy Sarawak Oil Co. Ltd.. The Group recorded the investment using the equity method because it has significant influence in the undivided interest of those oil and gas blocks.

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11. PENYERTAAN JANGKA PANJANG (lanjutan)

11. LONG-TERM INVESTMENTS (continued)

**(i) Investasi pada blok minyak dan gas
(lanjutan)**

(i) Investment in oil and gas block (continued)

	2017						Cost Accumulated amortization
	Saldo awal/ Beginning balance	Penambahan/ Addition	Penyesuaian/ Adjustment	Pengalihan/ Transfer	Pemulihan/ (penurunan) nilai/ Recovery/ (impairment) in value	Saldo akhir/ Ending balance	
Harga perolehan	1.698.348	-	(113)	-	(83.270)	1.614.965	
Akumulasi amortisasi	(271.337)	(116.441)	-	-	-	(387.778)	
Nilai buku neto	1.427.011	(116.441)	(113)	-	(83.270)	1.227.187	Net book value
	2016						Cost Accumulated amortization
	Saldo awal/ Beginning balance	Penambahan/ Addition	Penyesuaian/ Adjustment	Pengalihan/ Transfer	Pemulihan/ (penurunan) nilai/ Recovery/ (impairment) in value	Saldo akhir/ Ending balance	
Harga perolehan	1.632.706	12.269	(60.917)	-	114.290	1.698.348	
Akumulasi amortisasi	(156.861)	(114.476)	-	-	-	(271.337)	
Nilai buku neto	1.475.845	(102.207)	(60.917)	-	114.290	1.427.011	Net book value

(ii) Investasi pada entitas asosiasi

(ii) Investments in associates

Perubahan investasi pada entitas asosiasi adalah sebagai berikut:

The movements of investments in associates are as follows:

	2017							
	Persentase kepemilikan efektif/ Percentage of effective ownership	Saldo awal/ Beginning balance	Penambahan/ (pelepasan)/ Additions/ (deduction)	Perubahan lainnya/ Other changes	Bagian laba/(rugi) neto/ Share in net income/ (loss)	Dividen/ Dividends	Pemulihan/ (penurunan) nilai/ Recovery/ (impairment) in value	Saldo akhir/ Ending balance
Perusahaan/The Company:								
- Pacific Petroleum & Trading Co. Ltd.	50,00%	32.499	-	1.516	2.616	(1.142)	-	35.489
- PT Trans-Pacific Petrochemical Indotama ("TPPI")	48,59%	204.907	-	-	(52.970)	-	-	151.937
		237.406	-	1.516	(50.354)	(1.142)	-	187.426
Penyertaan saham tidak langsung pada entitas asosiasi/Indirect investments in shares of associates								
- PT Donggi Senoro LNG	29,00%	195.083	-	-	45.354	-	-	240.437
- PT Tugu Reasuransi Indonesia	33,01%	29.849	-	(29.849)	-	-	-	-
- PT Asuransi Samsung Tugu Etablissements Maurel et Prom SA ^{a)} (Catatan 4a/Notes 4a)	19,50%	8.290	-	(19)	648	(178)	-	8.741
- Seplat	72,65%	227.222	-	(227.222)	-	-	-	-
- Others	21,37%	-	92.440	-	-	-	-	92.440
	69,67%	-	54.650	-	-	-	-	54.650
Jumlah investasi pada entitas asosiasi/Total investments in associates		460.444	147.090	(257.090)	46.002	(178)	-	396.268
		697.850	147.090	(255.574)	(4.352)	(1.320)	-	583.694

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The original consolidated financial statements included herein
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11. PENYERTAAN JANGKA PANJANG (lanjutan)

(ii) Investasi pada entitas asosiasi (lanjutan)

	2016							
	Persentase kepemilikan efektif/ Percentage of effective ownership	Saldo awal/ Beginning balance	Penambahan/ (pelepasan)/ Additions/ (deduction)	Perubahan lainnya/ Other changes	Bagian laba/(rugi) neto/ Share in net income/ (loss)	Dividen/ Dividends	Pemulihan/ (penurunan) nilai/ Recovery/ (impairment) in value	Saldo akhir/ Ending balance
Perusahaan/The Company:								
- Pacific Petroleum & Trading Co. Ltd.	50,00%	29.179	-	2.720	1.966	(1.366)	-	32.499
- Korea Indonesia Petroleum Co. Ltd., Labuan	45,00%	1.178	(434)	(642)	(102)	-	-	-
- PT Trans-Pacific Petrochemical Indotama ("TPPI")	48,59%	259.416	-	-	(54.509)	-	-	204.907
		289.773	(434)	2.078	(52.645)	(1.366)	-	237.406
Penyertaan saham tidak langsung pada entitas asosiasi/Indirect investments in shares of associates								
- PT Donggi Senoro LNG	29,00%	176.831	-	-	18.252	-	-	195.083
- PT Tugu Reasuransi Indonesia	24,47%	24.411	-	2.167	5.444	(2.173)	-	29.849
- PT Asuransi Samsung Tugu Etablissements	19,50%	7.697	-	(85)	893	(215)	-	8.290
- Maurel et Prom SA (Catatan 4c/Notes 4c)	24,53%	-	227.222	-	-	-	-	227.222
		208.939	227.222	2.082	24.589	(2.388)	-	460.444
Jumlah investasi pada entitas asosiasi/Total investments in associates		498.712	226.788	4.160	(28.056)	(3.754)	-	697.850

a) Pada tanggal 15 Februari 2017, PT Pertamina Internasional Eksplorasi & Produksi memiliki 72,65% saham Etablissements Maurel et Prom dan mengkonsolidasi laporan keuangan Etablissements Maurel et Prom.

a) On February 15, 2017, PT Pertamina Internasional Eksplorasi & Produksi has a 72.65% ownership interest in Etablissements Maurel et Prom and consolidate its financial statements.

Manajemen berkeyakinan bahwa penyisihan penurunan nilai investasi asosiasi telah mencukupi untuk menutup kemungkinan kerugian yang timbul dari penurunan nilai.

Management believes that the provision for decline in value of investments in associates is adequate to cover possible losses that may arise from a decline in value.

Bagian Grup atas hasil entitas asosiasi utama dan aset agregat (termasuk goodwill) dan liabilitas adalah sebagai berikut:

The Group's share of the results of its principal associates and their aggregated assets (including goodwill) and liabilities, is as follows:

Tahun/Year	Negara berdiri/ Country of Incorporation	Aset/ Assets	Liabilitas/ Liabilities	Pendapatan/ Revenues	Laba/(rugi)/ Profit/(loss)	% Kepemilikan efektif/ % Effective ownership
31 Desember/December 2017						
- Pacific Petroleum & Trading Co. Ltd.	Jepang/Japan	153.471	(82.496)	692.966	5.232	50,00%
- PT Trans-Pacific Petrochemical Indotama	Indonesia	601.445	(1.045.454)	59.574	(50.519)	48,59%
- PT Donggi Senoro LNG	Indonesia	2.466.693	(1.627.338)	998.208	155.704	29,00%
- PT Asuransi Samsung Tugu	Indonesia	55.775	(36.791)	11.161	2.163	19,50%
- Seplat	Nigeria/Nigeria	2.207.964	(975.232)	371.413	(3.307)	21,37%
31 Desember/December 2016						
- Pacific Petroleum & Trading Co. Ltd.	Jepang/Japan	135.085	(70.089)	524.180	3.932	50,00%
- PT Trans-Pacific Petrochemical Indotama	Indonesia	604.629	(996.212)	42.935	(53.421)	48,59%
- Korea Indonesia Petroleum Co. Ltd., Labuan	Malaysia	2.447	(62)	-	(228)	45,00%
- PT Donggi Senoro LNG	Indonesia	2.454.345	(1.774.286)	755.295	73.038	29,00%
- PT Tugu Reasuransi Indonesia	Indonesia	202.633	(124.060)	107.491	14.456	24,47%
- PT Asuransi Samsung Tugu	Indonesia	62.071	(34.436)	10.798	2.977	19,50%
- Etablissements Maurel et Prom SA	Perancis/France	2.443.992	(1.348.198)	149.588	(38.565)	24,53%

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11. PENYERTAAN JANGKA PANJANG (lanjutan)

(iii) Investasi pada obligasi

Pada tanggal-tanggal 31 Desember 2017 dan 2016, investasi pada obligasi merupakan investasi obligasi yang dikeluarkan oleh PT Trans-Pacific Petrochemical Indotama.

	Saldo awal/ <i>Beginning balance</i>	Penambahan/ <i>Addition</i>	Pemulihan/ (penurunan) nilai/ <i>Recovery/ (impairment) in value</i>	Saldo akhir <i>Ending balance</i>	
2017					2017
Investasi pada obligasi	391.307	-	-	391.307	Investment in bonds
2016					2016
Investasi pada obligasi	348.131	43.176	-	391.307	Investment in bonds

11. LONG-TERM INVESTMENTS (continued)

(iii) Investment in bonds

As of December 31, 2017 and 2016, investment in bonds represents investment in bonds issued by PT Trans-Pacific Petrochemical Indotama.

(iv) Investasi pada ventura bersama

Perubahan investasi pada entitas ventura bersama adalah sebagai berikut:

(iv) Investments in joint ventures

The movements of investments in joint ventures are as follows:

	2017							
	Persentase kepemilikan efektif/ <i>Percentage of effective ownership</i>	Saldo awal/ <i>Beginning balance</i>	Penambahan investasi/ <i>Additional investment</i>	Perubahan lainnya/ <i>Other changes</i>	Bagian laba/ (rugi) neto/ <i>Share in net income/ (loss)</i>	Dividen/ <i>Dividends</i>	Pemulihan/ (penurunan) nilai/ <i>Recovery/ (impairment) value</i>	Saldo akhir/ <i>Ending balance</i>
Perusahaan/The Company:								
- PT Nusantara Regas	50,00%	152.918	-	(101)	29.361	(39.687)	-	142.491
Penyertaan saham tidak langsung pada entitas ventura bersama/Indirect investments in joint ventures								
- PT Perta Samtan Gas	66,00%	79.383	-	7.355	17.635	(13.200)	-	91.173
- PT Patra SK	35,00%	68.919	-	(26)	3.876	(7.000)	-	65.769
- PT Indo Thai Trading	51,00%	4.815	-	(2)	1.468	-	-	6.281
- PT Perta Daya Gas	65,00%	1.403	-	(111)	391	-	-	1.683
- PT Pertamina Rosneft								
- Pengolahan dan Petrokimia	55,00%	-	407	-	-	-	-	407
- PT Elnusa CGGVeritas Seismic	20,96%	-	-	-	-	-	-	-
		154.520	407	7.216	23.370	(20.200)	-	165.313
Jumlah investasi pada Ventura Bersama/Total investments in Joint Ventures		307.438	407	7.115	52.731	(59.887)	-	307.804

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11. PENYERTAAN JANGKA PANJANG (lanjutan)**(iv) Investasi pada ventura bersama (lanjutan)**

Perubahan investasi pada entitas ventura bersama adalah sebagai berikut (lanjutan):

	2016							
	Persentase kepemilikan efektif/ Percentage of effective ownership	Saldo awal/ Beginning balance	Penambahan investasi/ Additional investment	Perubahan lainnya/ Other changes	Bagian laba/ (rugi) neto/ Share in net income/ (loss)	Dividen/ Dividends	Pemulihan/ (penurunan) nilai/ Recovery/ (impairment) value	Saldo akhir/ Ending balance
Perusahaan/The Company:								
- PT Nusantara Regas	60,00%	165.209	-	-	33.072	(45.363)	-	152.918
Penyertaan saham tidak langsung pada entitas ventura bersama/Indirect investments in joint ventures								
- PT Perta Samtan Gas	66,00%	77.368	-	-	5.513	(3.498)	-	79.383
- PT Patra SK	35,00%	64.538	-	(13)	4.394	-	-	68.919
- PT Indo Thai Trading	51,00%	3.711	-	-	1.104	-	-	4.815
- PT Perta Daya Gas	65,00%	1.301	-	-	102	-	-	1.403
- PT Elnusa CGGVeritas Seismic	20,96%	-	-	-	-	-	-	-
		146.918	-	(13)	11.113	(3.498)	-	154.520
Jumlah investasi pada Ventura Bersama/Total investments in Joint Ventures		312.127	-	(13)	44.185	(48.861)	-	307.438

Bagian Grup atas hasil entitas ventura bersama utama dan aset agregat (termasuk goodwill) dan liabilitas adalah sebagai berikut:

The Group's share of the results of its principal joint ventures and their aggregated assets (including goodwill) and liabilities are as follows:

Tahun/Year	Negara berdiri/ Country of Incorporation	Aset/ Assets	Liabilitas/ Liabilities	Pendapatan/ Revenues	Laba/(rugi)/ Profit/(loss)	% Kepemilikan efektif/ % Effective ownership
31 Desember/December 2017						
- PT Nusantara Regas	Indonesia	277.438	(39.955)	568.664	48.935	50,00%
- PT Patra SK	Indonesia	244.717	(56.696)	259.596	11.072	35,00%
- PT Perta Samtan Gas	Indonesia	180.172	(42.032)	106.950	26.720	66,00%
- PT Perta Daya Gas	Indonesia	53.219	(50.630)	12.469	602	65,00%
- PT Indo Thai Trading	Indonesia	31.994	(19.369)	156.716	2.869	51,00%
- PT Pertamina Rosneft Pengolahan dan Petrokimia	Perancis/France	739	-	-	-	55,00%
- PT Elnusa CGGVeritas Seismic	Indonesia	515	-	-	(7)	20,96%
31 Desember/December 2016						
- PT Nusantara Regas	Indonesia	272.925	(18.164)	573.253	55.120	60,00%
- PT Patra SK	Indonesia	239.169	(42.256)	213.705	12.553	35,00%
- PT Perta Samtan Gas	Indonesia	179.326	(47.852)	73.617	8.353	66,00%
- PT Perta Daya Gas	Indonesia	59.460	(57.473)	12.842	157	65,00%
- PT Indo Thai Trading	Indonesia	18.885	(9.445)	116.865	2.164	51,00%
- PT Elnusa CGGVeritas Seismic	Indonesia	522	-	-	-	20,96%

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11. PENYERTAAN JANGKA PANJANG (lanjutan)

11. LONG-TERM INVESTMENTS (continued)

(v) Properti investasi

(v) Investment properties

2017						
Saldo awal/ <i>Beginning balance</i>	Penambahan/ <i>Additions</i>	Pengurangan/ <i>Deductions</i>	Pengalihan/ Reklasifikasi/ <i>Transfers/ Reclassifications</i>	Saldo/ akhir <i>Ending balance</i>		
Biaya Historis:						Historical Cost:
Tanah dan hak atas tanah	288.314	-	-	(19.088)	269.226	Land and land rights
Bangunan	43.042	-	-	245	43.287	Buildings
Jumlah biaya historis	331.356	-	-	(18.843)	312.513	Total historical cost
Akumulasi penyusutan:						Accumulated depreciation:
Bangunan	(26.983)	(2.301)	-	1.125	(28.159)	Buildings
Nilai buku neto	304.373				284.354	Net book value
2016						
Saldo awal/ <i>Beginning balance</i>	Penambahan/ <i>Additions</i>	Pengurangan/ <i>Deductions</i>	Pengalihan/ Reklasifikasi/ <i>Transfers/ Reclassifications</i>	Saldo/ akhir <i>Ending balance</i>		
Biaya Historis:						Historical Cost:
Tanah dan hak atas tanah	265.358	1.018	-	21.938	288.314	Land and land rights
Bangunan	29.095	-	-	13.947	43.042	Buildings
Jumlah biaya historis	294.453	1.018	-	35.885	331.356	Total historical cost
Akumulasi penyusutan:						Accumulated depreciation:
Bangunan	(19.301)	(973)	-	(6.709)	(26.983)	Buildings
Nilai buku neto	275.152				304.373	Net book value

Beban depresiasi untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2017 dan 2016 dalam kaitannya dengan properti investasi masing-masing sebesar US\$2.301 dan US\$973 (Catatan 36).

Depreciation expenses in 2017 and 2016 with respect to such investment properties amounted to US\$2,301 and US\$973, respectively (Note 36).

Pada tanggal-tanggal 31 Desember 2017 dan 2016, seluruh aset properti investasi, kecuali tanah dan hak atas tanah telah diasuransikan terhadap risiko kebakaran dan risiko lain yang mungkin terjadi (Catatan 12).

As of December 31, 2017 and 2016, all of the Group's investment properties, except land and land rights, were insured against fire and other possible risks (Note 12).

Pada tanggal 31 Desember 2017 dan 2016, manajemen mengestimasi nilai wajar dari properti investasi masing-masing sebesar US\$1.503.088 dan US\$2.068.793.

As of December 31, 2017 and 2016, management has estimated fair value of the investment properties amounted to US\$1,503,088 and US\$2,068,793, respectively.

Pendapatan sewa dari properti investasi untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2017 dan 2016, masing-masing sebesar US\$21.534 dan US\$29.836.

Rental income from investment properties recognized for the years ended December 31, 2017 and 2016 amounted to US\$21,534 and US\$29,836, respectively.

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11. PENYERTAAN JANGKA PANJANG (lanjutan)**(v) Properti investasi (lanjutan)**

Berdasarkan penelaahan oleh manajemen Grup, tidak terdapat kejadian-kejadian atau perubahan-perubahan keadaan yang mengindikasikan adanya penurunan nilai properti investasi pada tanggal-tanggal 31 Desember 2017 dan 2016.

(vi) Penyertaan saham

	Persentase kepemilikan efektif/ Percentage of effective ownership		Saldo/Balance	
	2017	2016	2017	2016
Perusahaan:				
- PT Seamless Pipe Indonesia Jaya	10,40%	10,40%	25.026	25.026
- PT Arun NGL ^{a)}	100,00%	100,00%	170	170
- PT Badak NGL	55,00%	55,00%	149	149
			<u>25.345</u>	<u>25.345</u>
Entitas Anak:				
- PT Staco Jasapratama Indonesia	4,46%	4,46%	751	751
- PT Marga Raya Jawa Tol	6,86%	6,86%	2.690	2.690
- PT Trans Javagas Pipeline	10,00%	10,00%	739	739
- PT Asuransi Maipark Indonesia	7,31%	7,31%	604	604
- PT Bhakti Patra Nusantara	4,11%	4,11%	77	77
			<u>4.861</u>	<u>4.861</u>
Jumlah			<u>30.206</u>	<u>30.206</u>
Penyisihan penurunan nilai			<u>(23.917)</u>	<u>(23.917)</u>
Neto			<u>6.289</u>	<u>6.289</u>

a) Dalam proses likuidasi/In liquidation process

Kelompok usaha tidak mengakui bagiannya atas perubahan aset bersih entitas ventura bersama yang berasal dari penghasilan komprehensif lain karena jumlahnya tidak material.

(vii) Aset keuangan lainnya

Pada tanggal-tanggal 31 Desember 2017 dan 2016, aset keuangan lainnya terutama merupakan investasi obligasi milik PT Tugu Pratama Indonesia.

11. LONG-TERM INVESTMENTS (continued)**(v) Investment properties (continued)**

Based on the Group management's review, there were no events or changes in circumstances which indicated impairment in the value of investment properties as of December 31, 2017 and 2016.

(vi) Investments in shares of stock

	Saldo/Balance	
	2017	2016
The Company:		
- PT Seamless Pipe Indonesia Jaya	25.026	25.026
- PT Arun NGL ^{a)}	170	170
- PT Badak NGL	149	149
	<u>25.345</u>	<u>25.345</u>
Subsidiaries:		
- PT Staco Jasapratama Indonesia	751	751
- PT Marga Raya Jawa Tol	2.690	2.690
- PT Trans Javagas Pipeline	739	739
- PT Asuransi Maipark Indonesia	604	604
- PT Bhakti Patra Nusantara	77	77
	<u>4.861</u>	<u>4.861</u>
Total	<u>30.206</u>	<u>30.206</u>
Provision for impairment	<u>(23.917)</u>	<u>(23.917)</u>
Net	<u>6.289</u>	<u>6.289</u>

The Group did not recognize its share on the changes in the joint ventures entities' net assets arising from other comprehensive income since the amounts are not material.

(vii) Other financial assets

As of December 31, 2017 and 2016, other financial assets mainly represented investment in bonds owned by PT Tugu Pratama Indonesia.

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12. ASET TETAP

12. FIXED ASSETS

	2017						
	Saldo awal/ <i>Beginning balance</i>	Penambahan/ <i>Additions</i>	Pengurangan/ <i>Deductions</i>	Pengalihan/ Reklasifikasi/ <i>Transfers/ Reclassi- fications</i>	Penjabaran/ <i>Translation</i>	Saldo akhir/ <i>Ending balance</i>	
Harga perolehan:							Acquisition cost:
Tanah dan hak atas tanah	1.595.077	29.708	-	8.111	(814)	1.632.082	Land and land rights
Tangki, instalasi pipa dan peralatan lainnya	5.810.758	97.525	-	427.496	(366)	6.335.413	Tanks, pipeline installations and other equipment
Kilang	3.815.932	175.395	(349)	31.774	(6)	4.022.746	Refineries
Bangunan	851.854	15.954	(1.852)	183.443	(9.594)	1.039.805	Buildings
Kapal laut dan pesawat terbang	1.894.266	52.838	-	70.460	(1.844)	2.015.720	Ships and aircrafts
HBM bergerak	1.468.270	79.872	(6.206)	(29.997)	11.585	1.523.524	Moveable assets
Aset dalam penyelesaian	1.274.883	931.233	(12.653)	(960.373)	(253)	1.232.837	Assets under construction
Sub jumlah	16.711.040	1.382.525	(21.060)	(269.086)	(1.292)	17.802.127	Sub-total
Aset sewa pembiayaan:							Finance lease assets:
Hak atas tanah	122.815	-	-	35.216	(426)	157.605	Land rights
Bangunan	83.987	-	-	-	-	83.987	Buildings
Tangki, instalasi pipa dan peralatan lainnya	305.567	63.967	-	-	-	369.534	Tanks, pipeline installations and other equipment
HBM bergerak	152.167	6.498	-	(1.740)	(493)	156.432	Moveable assets
Sub jumlah	664.536	70.465	-	33.476	(919)	767.558	Sub-total
Jumlah harga perolehan	17.375.576	1.452.990	(21.060)	(235.610)	(2.211)	18.569.685	Total acquisition cost
Akumulasi penyusutan:							Accumulated depreciation:
Hak atas tanah	(697)	-	-	(181)	2	(876)	Land rights
Tangki, instalasi pipa dan peralatan lainnya	(2.615.923)	(302.039)	-	34.121	167	(2.883.674)	Tanks, pipeline installations and other equipment
Kilang	(2.139.241)	(223.626)	-	13.722	11	(2.349.134)	Refineries
Bangunan	(369.001)	(51.635)	492	8.136	247	(411.761)	Buildings
Kapal laut dan pesawat terbang	(675.211)	(101.882)	-	849	409	(775.835)	Ships and aircrafts
HBM bergerak	(794.914)	(102.159)	3.901	21.281	(5.216)	(877.107)	Moveable assets
Sub jumlah	(6.594.987)	(781.341)	4.393	77.928	(4.380)	(7.298.387)	Sub-total
Aset sewa pembiayaan:							Finance lease assets:
Hak atas tanah	(70.578)	(12.294)	-	-	-	(82.872)	Land rights
Bangunan	(50.506)	(8.396)	-	-	-	(58.902)	Buildings
Tangki, instalasi pipa dan peralatan lainnya	(165.624)	(34.098)	-	(11.064)	-	(210.786)	Tanks, pipeline installations and other equipment
HBM bergerak	(121.208)	(9.216)	-	(4.432)	1.190	(133.666)	Moveable assets
Sub jumlah	(407.916)	(64.004)	-	(15.496)	1.190	(486.226)	Sub-total
Jumlah akumulasi penyusutan	(7.002.903)	(845.345)	4.393	62.432	(3.190)	(7.784.613)	Total accumulated depreciation
Penyisihan penurunan nilai	(49.697)	(7.364)	-	-	6	(57.055)	Provision for impairment
Nilai buku neto	10.322.976					10.728.017	Net book values

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12. ASET TETAP (lanjutan)**12. FIXED ASSETS (continued)**

	2016						
	Saldo awal/ Beginning balance	Penambahan/ Additions	Pengurangan/ Deductions	Pengalihan/ Reklasifikasi/ Transfers/ Reclassi- fications	Penjabaran/ Translation	Saldo akhir/ Ending balance	
Harga perolehan:							Acquisition cost:
Tanah dan hak atas tanah	1.047.893	3.197	(939)	541.458	3.468	1.595.077	Land and land rights
Tangki, instalasi pipa dan peralatan lainnya	4.676.347	653	-	1.133.044	714	5.810.758	Tanks, pipeline installations and other equipment
Kilang	4.487.794	-	-	(671.900)	38	3.815.932	Refineries
Bangunan	696.419	14.660	(20.140)	154.356	6.559	851.854	Buildings
Kapal laut dan pesawat terbang	1.800.419	41.322	-	49.316	3.209	1.894.266	Ships and aircrafts
HBM bergerak	1.353.331	32.590	(14.933)	97.286	(4)	1.468.270	Moveable assets
Aset dalam penyelesaian	1.433.582	893.659	(33.639)	(1.018.847)	128	1.274.863	Assets under construction
Sub jumlah	15.495.785	986.081	(69.651)	284.713	14.112	16.711.040	Sub-total
Aset sewa pembiayaan:							Finance lease assets:
Hak atas tanah	122.815	-	-	-	-	122.815	Land rights
Bangunan	83.987	-	-	-	-	83.987	Buildings
Tangki, instalasi pipa dan peralatan lainnya	272.691	32.876	-	-	-	305.567	Tanks, pipeline installations and other equipment
HBM bergerak	190.330	4.514	(202)	(42.254)	(221)	152.167	Moveable assets
Sub jumlah	669.823	37.390	(202)	(42.254)	(221)	664.536	Sub-total
Jumlah harga perolehan	16.165.608	1.023.471	(69.853)	242.459	13.891	17.375.576	Total acquisition cost
Akumulasi penyusutan:							Accumulated depreciation:
Hak atas tanah	(504)	(188)	-	-	(5)	(697)	Land rights
Tangki, instalasi pipa dan peralatan lainnya	(1.947.468)	(257.543)	-	(410.498)	(414)	(2.615.923)	pipeline installations and other equipment
Kilang	(1.937.916)	(225.810)	-	24.511	(26)	(2.139.241)	Refineries
Bangunan	(338.070)	(36.190)	10.522	(5.536)	273	(369.001)	Buildings
Kapal laut dan pesawat terbang	(675.123)	(96.221)	-	96.723	(590)	(675.211)	Ships and aircrafts
HBM bergerak	(691.944)	(101.911)	10.715	(5.938)	(5.836)	(794.914)	Moveable assets
Sub jumlah	(5.591.025)	(717.863)	21.237	(300.738)	(6.598)	(6.594.987)	Sub-total
Aset sewa pembiayaan:							Finance lease assets:
Hak atas tanah	(58.182)	(12.396)	-	-	-	(70.578)	Land rights
Bangunan	(42.088)	(8.418)	-	-	-	(50.506)	Buildings
Tangki, instalasi pipa dan peralatan lainnya	(138.503)	(27.121)	-	-	-	(165.624)	pipeline installations and other equipment
HBM bergerak	(107.256)	(25.064)	-	6.915	4.197	(121.208)	Moveable assets
Sub jumlah	(346.029)	(72.999)	-	6.915	4.197	(407.916)	Sub-total
Jumlah akumulasi penyusutan	(5.937.054)	(790.862)	21.237	(293.823)	(2.401)	(7.002.903)	Total accumulated depreciation
Penyisihan penurunan nilai	(44.354)	(7.151)	-	1.808	-	(49.697)	Provision for impairment
Nilai buku neto	10.184.200					10.322.976	Net book values

Alokasi beban penyusutan adalah sebagai berikut:

The allocation of depreciation expenses is as follows:

	2017	2016	
Beban pokok penjualan (Catatan 31)	533.492	484.376	Cost of goods sold (Note 31)
Beban dari aktivitas operasi lainnya (Catatan 34)	84.636	77.454	Expenses from other operating activities (Note 34)
Beban penjualan dan pemasaran (Catatan 35)	194.810	198.131	Selling and marketing expenses (Note 35)
Beban umum dan administrasi (Catatan 36)	32.407	30.901	General and administrative expenses (Note 36)
Jumlah	845.345	790.862	Total

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12. ASET TETAP (lanjutan)

Pada tanggal 31 Desember 2017, Grup memiliki beberapa bidang tanah yang terletak di berbagai lokasi di Indonesia dengan Hak Guna Bangunan ("HGB") berkisar antara 20-30 tahun. Beberapa HGB akan habis masa berlakunya dalam waktu dekat. Manajemen berpendapat bahwa sertifikat HGB tersebut dapat diperpanjang pada saat jatuh tempo.

Pada tanggal-tanggal 31 Desember 2017 dan 2016, persediaan, properti investasi, aset tetap, aset minyak dan gas serta panas bumi dari Grup, kecuali tanah dan hak atas tanah (Catatan 9,11,12 dan 13), telah diasuransikan terhadap risiko kebakaran dan risiko lain yang mungkin terjadi dengan jumlah pertanggungan masing-masing sebesar US\$42.820.265 dan US\$38.889.238.

Manajemen berkeyakinan bahwa nilai pertanggungan tersebut cukup untuk menutup kemungkinan kerugian yang timbul terkait dengan aset yang diasuransikan.

Beberapa aset tetap digunakan sebagai jaminan atas pinjaman utang jangka panjang oleh entitas anak tertentu (Catatan 19a).

Bunga yang dikapitalisasi sebagai bagian dari aset tetap pada tahun 2017 dan 2016 masing-masing sebesar US\$25.611 dan US\$16.689.

Manajemen berkeyakinan bahwa penyisihan penurunan nilai aset tetap pada tanggal 31 Desember 2017 dan 2016 cukup untuk menutup kemungkinan kerugian penurunan nilai aset tetap.

Aset dalam penyelesaian pada tanggal 31 Desember 2017 terdiri dari kilang, bangunan, kapal, instalasi dan aset bergerak.

12. FIXED ASSETS (continued)

As of December 31, 2017, the Group owned parcels of land at various locations in Indonesia with Building Rights Title ("HGB") ranging from 20-30 years. Some of the HGBs are near their expiration dates. Management believes that those HGB certificates can be extended upon their expiration.

As of December 31, 2017 and 2016, the Group's inventories, investment properties, fixed assets, and oil & gas and geothermal properties, except for land and land rights (Notes 9,11,12 and 13), were insured against fire and other possible risks for a total insurance coverage of US\$42,820,265 and US\$38,889,238, respectively.

Management believes that the insurance coverage is adequate to cover any possible losses that may arise in relation to the insured assets.

Certain fixed assets were pledged as collateral for certain subsidiaries' long-term loans (Note 19a).

Interest capitalized as part of fixed assets in 2017 and 2016 amounted to US\$25,611 and US\$16,689, respectively.

Management believes that the provision for impairment in the value of fixed assets as of December 31, 2017 and 2016 is adequate to cover any possible losses from impairment of fixed assets.

Assets under construction as of December 31, 2017 consist of refineries, buildings, vessels, installations and moveable assets.

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The original consolidated financial statements included herein
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13. OIL & GAS AND GEOTHERMAL PROPERTIES

2017						
	Saldo awal/ Beginning balance	Penambahan/ Additions	Pengurangan/ Deductions	Pengalihan/ Reklasifikasi/ Transfers/ Reclassi- fications	Saldo akhir/ Ending balance	
Harga perolehan:						Acquisition cost:
Tanah dan hak atas tanah	17.651	-	-	592	18.243	Land and land rights
Sumur minyak dan gas	10.883.472	2.006.309	(172.042)	1.121.055	13.838.794	Oil and gas wells
Sumur panas bumi	473.810	-	-	197.785	671.595	Geothermal wells
Instalasi	4.030.551	-	-	729.365	4.759.916	Installations
Pabrik LPG	1.435.050	-	-	103.316	1.538.366	LPG plants
Bangunan	139.738	2.054	-	31.392	173.184	Buildings
HBM bergerak	306.208	9.942	-	30.805	346.955	Moveable assets
Sub jumlah	17.286.480	2.018.305	(172.042)	2.214.310	21.347.053	Sub-total
Aset dalam penyelesaian						Assets under construction
Sumur eksplorasi dan evaluasi	1.851.229	463.671	(85.882)	(902.593)	1.326.425	Exploratory and evaluation wells
Sumur pengembangan	1.769.156	1.190.713	-	(862.993)	2.096.876	Development wells
Sub jumlah	3.620.385	1.654.384	(85.882)	(1.765.586)	3.423.301	Sub-total
Aset sewa pembiayaan:						Finance lease assets:
Instalasi	21.260	-	(16.588)	-	4.672	Installations
Pabrik LPG	28.163	-	-	(15.662)	12.501	LPG plants
Bangunan	19.962	-	-	(23)	19.939	Buildings
HBM bergerak	195.572	-	-	23	195.595	Moveable assets
Sub jumlah	264.957	-	(16.588)	(15.662)	232.707	Sub-total
Jumlah harga perolehan	21.171.822	3.829.985	(431.808)	433.062	25.003.061	Total acquisition cost
Akumulasi penyusutan, deplesi dan amortisasi:						depreciation, depletion and amortization:
Sumur minyak dan gas	(4.582.073)	(914.618)	103.496	(703.781)	(6.096.976)	Oil and gas wells
Sumur panas bumi	(81.462)	(32.442)	-	-	(113.904)	Geothermal wells
Instalasi	(1.156.983)	(269.992)	-	-	(1.426.975)	Installations
Pabrik LPG	(105.817)	(58.200)	-	(15.664)	(179.681)	LPG plants
Bangunan	(26.761)	(9.937)	-	-	(36.698)	Buildings
HBM bergerak	(176.852)	(37.150)	-	-	(214.002)	Moveable assets
Sub jumlah	(6.129.948)	(1.322.339)	103.496	(719.445)	(8.068.236)	Sub-total
Aset sewa pembiayaan:						Finance lease assets:
Instalasi	(31.060)	(2.223)	16.588	-	(16.695)	Installations
Pabrik LPG	(20.517)	(617)	-	15.665	(5.469)	LPG plants
Bangunan	(17.787)	(411)	-	-	(18.198)	Buildings
HBM bergerak	(180.831)	(287)	-	-	(181.118)	Moveable assets
Sub jumlah	(250.195)	(3.538)	16.588	15.665	(221.480)	Sub-total
Jumlah akumulasi penyusutan, deplesi dan amortisasi	(6.380.143)	(1.325.877)	16.588	(600.284)	(8.289.716)	Total accumulated depreciation, depletion and amortization
Penyisihan penurunan nilai	(155.278)	(198.385)	-	-	(353.663)	Provision for impairment
Nilai buku neto	14.636.401				16.359.682	Net book values

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**13. OIL & GAS AND GEOTHERMAL PROPERTIES
(continued)**

		2016					
	Saldo awal/ Beginning balance	Penambahan/ Additions	Pengurangan/ Deductions	Pengalihan/ Reklasifikasi/ Transfers/ Reclassi- fications	Saldo akhir/ Ending balance		
Harga perolehan:						Acquisition cost:	
Tanah dan hak atas tanah	13.534	-	-	4.117	17.651	Land and land rights	
Sumur minyak dan gas	10.386.509	-	(129.585)	626.548	10.883.472	Oil and gas wells	
Sumur panas bumi	220.559	-	-	253.251	473.810	Geothermal wells	
Instalasi	2.849.418	1.554	-	1.179.579	4.030.551	Installations	
Pabrik LPG	1.297.778	-	-	137.272	1.435.050	LPG plants	
Bangunan	79.319	-	-	60.419	139.738	Buildings	
HBM bergerak	262.695	8	-	43.505	306.208	Moveable assets	
Sub jumlah	15.109.812	1.562	(129.585)	2.304.691	17.286.480	Sub-total	
Aset dalam penyelesaian						Assets under construction	
Sumur eksplorasi dan evaluasi	2.275.234	973.555	(22.437)	(1.375.123)	1.851.229	Exploratory and evaluation wells	
Sumur pengembangan	2.047.230	541.176	(25.091)	(794.159)	1.769.156	Development wells	
Sub jumlah	4.322.464	1.514.731	(47.528)	(2.169.282)	3.620.385	Sub-total	
Aset sewa pembiayaan:						Finance lease assets:	
Instalasi	74.804	-	(15.977)	(37.567)	21.260	Installations	
Pabrik LPG	44.218	-	(6.591)	(9.464)	28.163	LPG plants	
Bangunan	19.962	-	-	-	19.962	Buildings	
HBM bergerak	195.572	-	-	-	195.572	Moveable assets	
Sub jumlah	334.556	-	(22.568)	(47.031)	264.957	Sub-total	
Jumlah harga perolehan	19.766.832	1.516.293	(199.681)	88.378	21.171.822	Total acquisition cost	
Akumulasi penyusutan, deplesi dan amortisasi:						Accumulated depreciation, depletion and amortization:	
Sumur minyak dan gas	(3.531.941)	(1.053.549)	43.899	(40.482)	(4.582.073)	Oil and gas wells	
Sumur panas bumi	(62.993)	(18.469)	-	-	(81.462)	Geothermal wells	
Instalasi	(878.225)	(183.937)	105	(94.926)	(1.156.983)	Installations	
Pabrik LPG	(37.789)	(68.028)	-	-	(105.817)	LPG plants	
Bangunan	(19.611)	(7.150)	-	-	(26.761)	Buildings	
HBM bergerak	(141.194)	(35.658)	-	-	(176.852)	Moveable assets	
Sub jumlah	(4.671.753)	(1.366.791)	44.004	(135.408)	(6.129.948)	Sub-total	
Aset sewa pembiayaan:						Finance lease assets:	
Instalasi	(242.247)	(22.645)	15.977	217.855	(31.060)	Installations	
Pabrik LPG	(35.955)	(616)	6.591	9.463	(20.517)	LPG plants	
Bangunan	(17.289)	(498)	-	-	(17.787)	Buildings	
HBM bergerak	(241)	(302)	-	(180.288)	(180.831)	Moveable assets	
Sub jumlah	(295.732)	(24.061)	22.568	47.030	(250.195)	Sub-total	
Jumlah akumulasi penyusutan, deplesi dan amortisasi	(4.967.485)	(1.390.852)	66.572	(88.378)	(6.380.143)	Total accumulated depreciation, depletion and amortization	
Penyisihan penurunan nilai	(5.863)	(149.415)	-	-	(155.278)	Provision for impairment	
Nilai buku neto	14.793.484				14.636.401	Net book values	

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Alokasi beban penyusutan, deplesi dan amortisasi adalah sebagai berikut:

	<u>2017</u>	<u>2016</u>
Beban produksi hulu dan <i>lifting</i> (Catatan 32)	1.319.598	1.386.576
Beban umum dan administrasi (Catatan 36)	<u>6.279</u>	<u>4.276</u>
Jumlah	<u>1.325.877</u>	<u>1.390.852</u>

Pada tanggal-tanggal 31 Desember 2017 dan 2016, seluruh aset panas bumi milik PGE, kecuali tanah dan hak atas tanah telah diasuransikan terhadap risiko kebakaran dan risiko lain yang mungkin terjadi (Catatan 12).

Manajemen berkeyakinan bahwa nilai pertanggung jawaban tersebut cukup untuk menutup kemungkinan kerugian yang timbul terkait dengan aset minyak dan gas serta panas bumi yang diasuransikan.

Bunga milik PGE dikapitalisasi sebagai bagian dari aset panas bumi masing-masing sebesar US\$32.369 dan US\$33.098 pada tahun 2017 dan 2016.

Kenaikan nilai sumur minyak dan gas merupakan akibat dari dikonsolidasikannya Etablissements Maurel et Prom pada tahun 2017.

Penurunan nilai aset minyak dan gas bumi

Manajemen melakukan pengujian penurunan nilai pada tahun 2017 untuk semua Blok karena terdapat indikasi eksternal dari perkembangan harga minyak. Manajemen telah mengevaluasi aspek komersial dan teknikal berdasarkan hasil dari produksi terkini.

Uji penurunan nilai aset minyak dan gas bumi dilakukan untuk seluruh Blok. Manajemen mengevaluasi aspek komersial dan teknikal berdasarkan kondisi harga dan produksi terkini.

**13. OIL & GAS AND GEOTHERMAL PROPERTIES
(continued)**

The allocation of depreciation, depletion and amortization expenses is as follows:

	<u>2017</u>	<u>2016</u>	
	1.319.598	1.386.576	Upstream production and lifting costs (Note 32)
	<u>6.279</u>	<u>4.276</u>	General and administrative expenses (Note 36)
Jumlah	<u>1.325.877</u>	<u>1.390.852</u>	Total

As of December 31, 2017 and 2016, all of the PGE's geothermal properties, except land and land rights, were insured against fire and other possible risks (Note 12).

Management believes that the insurance coverage is adequate to cover any possible losses that may arise in relation to the insured oil & gas and geothermal properties.

PGE's interest was capitalized as part of geothermal properties amounted to US\$32,369 and US\$33,098 in 2017 and 2016, respectively.

The increase in oil and gas wells represented the consolidation of Etablissements Maurel et Prom in 2017.

Impairment of oil and gas properties

Management performed impairment testing of all Blocks in 2017 due to external indication from the oil price trends. Management has performed technical and commercial evaluations based on the result of recent production.

Impairment testing was performed for all Blocks. Management evaluates the commercial and technical aspects based on the current price conditions and production.

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**13. ASET MINYAK DAN GAS SERTA PANAS BUMI
(lanjutan)**

**Penurunan nilai aset minyak dan gas bumi
(lanjutan)**

Estimasi jumlah terpulihkan dan nilai buku aset minyak dan gas bumi yang diturunkan nilainya pada tanggal-tanggal 31 Desember 2017 dan 2016 adalah sebagai berikut:

31 Desember/December 31, 2017					
	Estimasi jumlah terpulihkan/ Estimated recoverable amount	Nilai buku/ Book value	Kerugian penurunan nilai/ Estimated impairment loss	Jumlah saldo goodwill/ Outstanding goodwill amount	Penurunan (Pemulihan) nilai/ Impairment/ (Recovery) loss
PHE dan entitas anaknya/ PHE and its subsidiaries	856.112	1.097.805	241.693	6.890	234.803
PIEP dan entitas anaknya/ PIEP and its subsidiaries	740.580	708.003	-	-	(32.577)
Pertamina EP Cepu	58.888	-	-	-	(58.888)
Pertamina EP Cepu ADK	8.817	63.864	55.047	-	55.047
Jumlah/Total	1.664.397	1.869.672	296.740	6.890	198.385

31 Desember/December 31, 2016					
	Estimasi jumlah terpulihkan/ Estimated recoverable amount	Nilai buku/ Book value	Kerugian penurunan nilai/ Estimated impairment loss	Jumlah saldo goodwill/ Outstanding goodwill amount	Penurunan nilai/ Impairment loss
PHE dan entitas anaknya/ PHE and its subsidiaries	195.539	249.976	54.437	-	54.437
PIEP dan entitas anaknya/ PIEP and its subsidiaries	799.761	972.115	172.354	136.264	36.090
Pertamina EP Cepu	-	58.888	58.888	-	58.888
Jumlah/Total	995.300	1.280.979	285.679	136.264	149.415

Asumsi harga minyak dan gas bumi serta tingkat diskonto yang digunakan diungkapkan di Catatan 14d.

Assumptions of oil and gas price and discount rate used are disclosed in Note 14d.

14. ASET TIDAK LANCAR LAINNYA

14. OTHER NON-CURRENT ASSETS

	2017	2016	
Dana yang dibatasi penggunaannya	820.768	596.826	Restricted funds
Uang muka ke pemasok	161.902	10.191	Advances to vendors
Beban tangguhan	92.834	57.856	Deferred charges
Piutang lain-lain - pihak ketiga	90.995	-	Other receivables - third parties
Goodwill	53.752	60.642	Goodwill
Piutang pegawai jangka panjang	45.645	39.828	Long-term employee receivables
Piutang lain-lain - pihak berelasi (Catatan 40b)	41.161	39.545	Other receivables- related parties (Note 40b)
Aset dimiliki tidak digunakan untuk operasi	24.819	10.210	Assets held but not used for operation
Biaya dibayar dimuka	22.791	41.422	Prepaid expenses
Biaya hak atas tanah	20.146	20.403	Land rights costs
Aset tidak berwujud	15.097	14.901	Intangible assets
Imbalan pascakerja	9.181	24.695	Past-employment benefits
Aset non-free dan non-clear	1.837	1.837	Non-free and non-clear assets
Lain-lain	54.930	3.578	Others
Jumlah	1.455.858	921.934	Total

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14. ASET TIDAK LANCAR LAINNYA (lanjutan)**a. Dana yang dibatasi penggunaannya**

	<u>2017</u>	<u>2016</u>
Rekening Dolar AS:		
<u>Entitas berelasi dengan</u>		
<u>Pemerintah</u>		
- BRI	252.149	225.922
- Bank Mandiri	474	369
<u>Pihak Ketiga</u>		
- JP Morgan	24.661	-
	<u>277.284</u>	<u>226.291</u>
Rekening Rupiah:		
<u>Entitas berelasi dengan</u>		
<u>Pemerintah</u>		
- BRI	296.096	212.064
- Bank Mandiri	238.692	157.564
- BNI	899	907
<u>Pihak Ketiga</u>		
- PT Bank Mega Tbk.	7.797	-
	<u>543.484</u>	<u>370.535</u>
Jumlah	<u>820.768</u>	<u>596.826</u>

Sesuai dengan instruksi SKK Migas, PT Pertamina EP telah mendepositokan sebesar US\$252.027 (2016: US\$223.984) di BRI sebagai dana pembongkaran, restorasi lokasi aset dan aktivitas lain yang terkait ke dalam rekening bersama antara SKK Migas dan PT Pertamina EP. PT Pertamina Internasional Eksplorasi dan Produksi (PIEP) untuk PT Pertamina Malaysia EP (PMEP) menyimpan dana pembongkaran, restorasi lokasi aset dan aktivitas lainnya sebesar US\$24.661.

Perusahaan mencadangkan pendanaan kewajiban pascakerja pegawai sebesar Rp7.185.952 juta (setara dengan US\$530.407) (2016: Rp4.911.848 juta, setara dengan US\$365.574).

Pada tanggal 31 Desember 2017 dan 2016 cadangan pendanaan untuk kegiatan Program Kemitraan sebesar Rp12.174 juta (setara US\$898).

Termasuk di dalam dana yang dibatasi penggunaannya adalah deposito berjangka yang digunakan sebagai jaminan bank garansi yang diterbitkan untuk kontrak kerja operasi di PT Pertamina Bina Medika, dan PT Pertamina Internasional Eksplorasi dan Produksi.

14. OTHER NON-CURRENT ASSETS (continued)**a. Restricted funds**

	<u>2017</u>	<u>2016</u>
US Dollar accounts:		
<u>Government-related entities</u>		
<u>BRI -</u>		
Bank Mandiri -		
<u>Third parties</u>		
JP Morgan -		
Rupiah accounts:		
<u>Government-related entities</u>		
<u>BRI -</u>		
Bank Mandiri -		
<u>BNI -</u>		
<u>Third parties</u>		
PT Bank Mega Tbk. -		
Total	<u>820.768</u>	<u>596.826</u>

In accordance with SKK Migas instructions, PT Pertamina EP deposited US\$252,027 (2016: US\$223,984) funds at BRI for decommissioning, site restoration and other related activities in a joint bank account held by SKK Migas and PT Pertamina EP. PT Pertamina Internasional Eksplorasi dan Produksi (PIEP) for PT Pertamina Malaysia EP (PMEP) store funds for decommissioning, site restoration and other related activities in a joint bank account for amount US\$24,661.

The Company has created reserves fund for past service liabilities to employees amounting to Rp7,185,952 million (equivalent to US\$530,407) (2016: Rp4,911,848 million, equivalent to US\$365,574).

As of December 31, 2017 and 2016, restrained fund for Partnership Program amounting to Rp12,174 million (equivalent to US\$898).

Included in restricted cash are time deposits which are used as bank guarantees for operational working contracts in PT Pertamina Bina Medika, and PT Pertamina Internasional Eksplorasi dan Produksi.

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14. ASET TIDAK LANCAR LAINNYA (lanjutan)

b. Uang muka ke pemasok - neto

	<u>2017</u>
Uang muka ke pemasok	194.606
Penyisihan penurunan nilai	<u>(32.704)</u>
Neto	<u>161.902</u>

Perusahaan melakukan penyisihan penurunan nilai atas uang muka proyek pembuatan kapal tanker kapasitas 30.000 LTDW antara Perusahaan dengan Zhejiang Chenye Shipbuilding Co. Ltd. Manajemen berkeyakinan bahwa penyisihan penurunan nilai tersebut telah mencukupi.

c. Beban tanggahan

	<u>2017</u>
Beban persiapan pengalihan <i>operatorship</i> blok Mahakam (Catatan 4c)	63.666
Lain-lain	<u>29.168</u>
Jumlah	<u>92.834</u>

d. Goodwill

	<u>Saldo awal/ Beginning balance</u>	<u>Penambahan/ Addition</u>	<u>Pengurangan/ Deduction</u>	<u>Saldo akhir/ Ending balance</u>	
2017					2017
ONWJ	53.337	-	-	53.337	ONWJ
PHE Tuban	4.538	-	(4.538)	-	PHE Tuban
Lainnya	<u>2.767</u>	-	<u>(2.352)</u>	<u>415</u>	Others
Jumlah	<u>60.642</u>	-	<u>(6.890)</u>	<u>53.752</u>	Total
2016					2016
COPAL	136.264	-	(136.264)	-	COPAL
ONWJ	53.337	-	-	53.337	ONWJ
PHE Tuban	4.538	-	-	4.538	PHE Tuban
Lainnya	<u>2.767</u>	-	-	<u>2.767</u>	Others
Jumlah	<u>196.906</u>	-	<u>(136.264)</u>	<u>60.642</u>	Total

Goodwill dialokasikan atas Unit Penghasil Kas Perusahaan ("UPK") yang diidentifikasi berdasarkan blok KKS.

Grup memperhitungkan jumlah terpulihkan berdasarkan nilai wajar dikurangi biaya pelepasan yang memberikan nilai lebih tinggi dibandingkan dengan perhitungan nilai pakai. Nilai wajar dikurangi biaya pelepasan ditentukan dengan menggunakan perhitungan arus kas diskonto setelah pajak.

14. OTHER NON-CURRENT ASSETS (continued)

b. Advances to vendors - net

	<u>2016</u>	
Advances to vendors	42.895	
Provision for impairment	<u>(32.704)</u>	
Net	<u>10.191</u>	

The Company has recognized a provision for impairment to reduce an advance to vendor for oil tanker building contract with capacity of 30,000 LTDW between The Company and Zhejiang Chenye Shipbuilding Co. Ltd. Management believes that the provision for impairment is adequate.

c. Deferred charges

	<u>2016</u>	
Preparation of operatorship transfer expenses of Mahakam block (Note 4c)	-	
Others	<u>57.856</u>	
Total	<u>57.856</u>	

d. Goodwill

The goodwill is allocated to the Company's Cash Generating Unit ("CGU") identified according to PSC blocks.

The Group calculated the recoverable amount based on fair value less cost to sell model which provides a higher value than the value-in-use calculation. The fair value less cost to sell was determined by using a post-tax discounted cash flows ("DCF") calculation.

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14. ASET TIDAK LANCAR LAINNYA (lanjutan)

d. Goodwill (lanjutan)

Proyeksi arus kas didasarkan pada produksi dan rencana pengembangan yang telah disetujui oleh manajemen yang mencakup estimasi periode kontrak termasuk perpanjangan kontrak dan investasi masa depan untuk peningkatan *output*. Periode proyeksi berkisar antara 3-30 tahun.

Grup telah melakukan pembukuan penurunan nilai *goodwill* untuk tahun ini sebesar US\$4.538 dari PHE (blok Tuban dan blok Ambalat) (2016: US\$136.264 terhadap nilai tercatat *goodwill* dari COPAL (Catatan 38)).

Asumsi utama yang digunakan untuk harga minyak dan gas bumi diproyeksikan berdasarkan perkembangan pasar mengingat volatilitas dari harga minyak. Tingkat diskonto yang digunakan mencerminkan risiko yang berkaitan dengan industri minyak dan gas yang relevan dan mempertimbangkan risiko dari negara masing-masing operasi.

Asumsi yang digunakan sebagai dasar pengujian penurunan nilai tahun 2017 adalah sebagai berikut:

14. OTHER NON-CURRENT ASSETS (continued)

d. Goodwill (continued)

The cash flows projections are based on production and development forecast approved by management covering the estimated period of contract including contract extension and future investments to increase output. The period of projections ranges from 3-30 years.

Grup has recorded impairment losses on goodwill for this year amounting to US\$4,538 from PHE (block Tuban and block Ambalat) (2016: US\$136,264 against the carrying value of goodwill from COPAL (Note 38)).

The key assumption relates to oil and gas price, was projected based on expectation of market development given the volatility in oil prices. The discount rate used reflects risk relating to the relevant oil and gas industry and considering risks of individual country of operations.

Key assumptions used for the basis of the impairment test in 2017 are as follows:

Asumsi/Assumptions 2017

Harga minyak/barel	2018	2019	2020	2021	2022
Proyeksi ICP/ICP Projection	US\$53,8	US\$58,3	US\$59,5	US\$59,5	US\$60,8
Proyeksi Brent/Brent Projection	US\$57,5	US\$62,0	US\$63,0	US\$63,0	US\$64,4

Kemudian bertambah US\$1,4 - US\$1,9 per tahun untuk ICP dan US\$1,2 - US\$2,1 per tahun untuk Brent/
Then increases by US\$1.4 - US\$1.9 per annum for ICP and US\$1.2 - US\$2.1 per annum for Brent

Harga gas	Sesuai kontrak penjualan gas/Based on the gas sales agreement	Gas price
Tingkat diskonto	7,86% - 10,28%	Discount rate

Manajemen berpendapat penurunan nilai *goodwill* sudah mencukupi berdasarkan hasil pengujian penurunan nilai.

Management believes the goodwill impairment is sufficient based on the result of the impairment testing.

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14. ASET TIDAK LANCAR LAINNYA (lanjutan)

e. Aset Non-Free dan Non-Clear - neto

	<u>2017</u>
Aset <i>non-free</i> dan <i>non-clear</i>	112.237
Penyisihan penurunan nilai	<u>(110.400)</u>
Neto	<u>1.837</u>

Aset *non-free* dan *non-clear* merupakan tanah yang berlokasi di Teluk Semangka, Lampung dan aset di daerah lainnya yang sampai dengan tanggal penyelesaian laporan keuangan konsolidasian, dokumentasi dan hak Perusahaan atas aset-aset ini masih dalam proses hukum dan penyelesaian agar aset tersebut dapat sepenuhnya digunakan oleh Perusahaan.

Perusahaan mengakui penyisihan penurunan nilai untuk mengurangi nilai dari aset-aset tersebut menjadi nilai terpulihkan. Manajemen berkeyakinan bahwa penyisihan penurunan nilai tersebut telah mencukupi.

14. OTHER NON-CURRENT ASSETS (continued)

e. Non-Free and Non-Clear assets - net

	<u>2016</u>	
Aset <i>non-free</i> dan <i>non-clear</i>	112.237	<i>Non-free and non-clear assets</i>
Penyisihan penurunan nilai	<u>(110.400)</u>	<i>Provision for impairment</i>
Neto	<u>1.837</u>	Net

Non-free and non-clear assets represent land located in Teluk Semangka, Lampung and certain assets located in other areas where, as of the date of the completion of these consolidated financial statements, the documentation and rights of the Company were still subject to completion of the legal and settlement processes to allow the Company to fully utilize such assets.

The Company has recognized a provision for impairment to reduce the value of such assets to their recoverable amounts. Management believes that the provision for impairment is adequate.

15. PINJAMAN JANGKA PENDEK

15. SHORT-TERM LOANS

	<u>2017</u>	<u>2016</u>	
<u>Entitas berelasi dengan</u>			<u>Government-related entities (Note 40)</u>
- Pemerintah (Catatan 40)			
- BRI	189.027	4.434	BRI -
- Bank Mandiri	166.151	41.937	Bank Mandiri -
- BNI	340	412	BNI -
<u>Pihak ketiga</u>			<u>Third parties</u>
- Deutsche Bank AG	32.285	39.761	Deutsche Bank AG -
- PT Bank ICBC Indonesia	27.292	25.642	PT Bank ICBC Indonesia -
- PT Bank Mizuho Indonesia	10.000	-	PT Bank Mizuho Indonesia -
- PT Bank UOB Indonesia	10.000	10.000	PT Bank UOB Indonesia -
- Sumitomo Mitsui Banking Corporation	10.000	6.308	Sumitomo Mitsui Banking Corporation -
- Lainnya (masing-masing dibawah US\$10.000)	<u>7.784</u>	<u>1.799</u>	Others (each below - US\$10,000)
Jumlah	<u>452.879</u>	<u>130.293</u>	Total

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15. PINJAMAN JANGKA PENDEK (lanjutan)

Informasi lain mengenai fasilitas pinjaman bank jangka pendek Grup pada tanggal 31 Desember 2017 adalah sebagai berikut:

<u>Kreditur/Lenders</u>
Bank Mandiri
BNI
BRI
BCA
Standard Chartered
Bukopin
HSBC
Bank Permata
PT Bank ANZ Indonesia
PT Bank Sumitomo Mitsui Indonesia
The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BOTM)
PT Bank DBS Indonesia
PT Bank Mizuho Indonesia
Maybank Indonesia
Deutsche Bank
BNP Paribas
Credit Agricole & Corporate and Investment
Natixis
Citibank, N.A.
JP Morgan
Societe Generale
PT ABN Amro Singapore
Intesa Sanpaolo
PT Bank UOB Indonesia
PT Bank ICBC Indonesia

Tingkat suku bunga yang dikenakan adalah tingkat suku bunga pasar (contoh: *Singapore Interbank Offered Rate* ("SIBOR") atau *London Interbank Offered Rate* ("LIBOR")) ditambah dengan persentase tertentu tergantung hasil negosiasi pada saat penarikan.

Tingkat suku bunga per tahun pinjaman jangka pendek selama tahun 2017 dan 2016 adalah:

	<u>2017</u>
Dolar AS	1,42% - 2,52%
Rupiah	6,40% - 12,50%

Dana yang diperoleh dari pinjaman jangka pendek digunakan untuk tujuan modal kerja.

16. UTANG USAHA - PIHAK KETIGA

	<u>2017</u>
Dolar AS	3.648.303
Rupiah	152.548
Lain-lain	28.007
Jumlah	<u>3.828.858</u>

Utang usaha Grup terutama berkaitan dengan pembelian minyak mentah, gas bumi dan produk minyak.

15. SHORT-TERM LOANS (continued)

Other information relating to the Group's short-term bank loan facilities as of December 31, 2017 are as follows:

<u>Masa berlaku/Expiration date</u>
11 Maret/March 2018 dan/and 28 November/November 2018
24 Oktober/October 2018
24 Maret/March 2018
8 Mei/May 2018
Dalam proses perpanjangan/In process of extension 21 April 2018
Dalam proses perpanjangan/In process of extension 27 Agustus/August 2018
Dalam proses perpanjangan/In process of extension 28 April 2018
21 April 2018
Dalam proses perpanjangan/In process of extension 10 Januari/January 2018
Dalam proses perpanjangan/In process of extension 31 Oktober/October 2018
10 Agustus/August 2018
22 September 2018
Dalam proses perpanjangan/In process of extension Dalam proses perpanjangan/In process of extension
1 September 2018
8 Januari/January 2018
22 Juni/June 2018
13 Desember/December 2018
23 Juli/July 2018 dan/and 31 Oktober/October 2018

Interest rates charged are based on market rates (e.g. *Singapore Interbank Offered Rate* ("SIBOR") or *London Interbank Offered Rate* ("LIBOR")) plus certain percentage depending on negotiation at drawdown.

Annual interest rates on short-term loans in 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>	
Dolar AS	1,44% - 1,65%		US Dollar
Rupiah	5,19% - 12,75%		Rupiah

The funds received from short-term loans are to be used for working capital purposes.

16. TRADE PAYABLES - THIRD PARTIES

	<u>2017</u>	<u>2016</u>	
Dolar AS	3.648.303	2.961.282	US Dollar
Rupiah	152.548	213.848	Rupiah
Lain-lain	28.007	26.261	Others
Jumlah	<u>3.828.858</u>	<u>3.201.391</u>	Total

The Group's trade payables are mainly related to purchases of crude oil, natural gas and petroleum products.

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17. UTANG PEMERINTAH

17. DUE TO THE GOVERNMENT

	<u>2017</u>	<u>2016</u>	
Perusahaan:			The Company:
Nilai lawan (utang Pemerintah atas bagian produksi minyak mentah Indonesia yang masuk ke kilang Perusahaan)	749.956	586.171	Conversion account (amount due to the Government for its share in the Indonesian crude oil production supplied to the Company's refineries)
Pinjaman proyek panas bumi Ulubelu dan Lahendong	252.123	200.777	Ulubelu and Lahendong geothermal project loan
Pinjaman proyek panas bumi Lumut Balai	47.590	36.798	Lumut Balai geothermal project loan
Bagian Pemerintah atas penjualan gas bumi domestik termasuk bagian Pemerintah atas produksi gas Indonesia	30.674	29.470	The Government's share in the domestic natural gas sales including its share of Indonesian gas production
Utang dari pembelian produksi LPG bagian Pemerintah	8.826	5.939	Payable for purchase of the Government's share in the LPG production
Pinjaman proyek pembangunan depot pengisian pesawat udara ("DPPU") Ngurah Rai	5.152	5.697	Ngurah Rai Airport refuelling facility construction project loan
Utang kepada BPH Migas atas biaya retribusi penyaluran BBM tanpa subsidi	-	4.163	Due to BPH Migas for retribution fee from distribution of BBM - non subsidy
Liabilitas lainnya	174.907	209.175	Other liability
Jumlah - Perusahaan	<u>1.269.228</u>	<u>1.078.190</u>	Total - Company
Entitas Anak:			Subsidiaries:
PT Pertamina EP			PT Pertamina EP
Bagian Pemerintah atas bagi hasil produksi	1.897	15.867	Government's share of production
Liabilitas sewa pembiayaan - barang milik negara	88.536	90.218	Finance lease liability - state-owned assets
Sub jumlah	90.433	106.085	Sub-total
PT Pertamina Hulu Energi			PT Pertamina Hulu Energi
Utang <i>overlifting</i>	59.678	59.347	Overlifting payables
PT Pertamina EP Cepu			PT Pertamina EP Cepu
Utang <i>overlifting</i>	-	18.875	Overlifting payables
Jumlah - Entitas Anak	<u>150.111</u>	<u>184.307</u>	Total - Subsidiaries
Jumlah konsolidasian (Catatan 40)	<u>1.419.339</u>	<u>1.262.497</u>	Total consolidated (Note 40)
Bagian lancar	<u>(1.027.762)</u>	<u>(930.308)</u>	Current portion
Bagian tidak lancar	<u>391.577</u>	<u>332.189</u>	Non-current portion

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17. UTANG PEMERINTAH (lanjutan)

a. Nilai lawan

Nilai lawan merupakan liabilitas Perusahaan kepada Pemerintah sehubungan dengan pengiriman produksi minyak mentah di Indonesia yang merupakan bagian Pemerintah ke kilang Perusahaan untuk diproses dalam rangka memenuhi kebutuhan produk BBM dalam negeri. Produksi minyak mentah di Indonesia bagian Pemerintah tersebut berasal dari wilayah kerja PT Pertamina EP, PHE, PEPC dan KKS lainnya.

Mutasi saldo nilai lawan adalah sebagai berikut:

	<u>2017</u>	<u>2016</u>
Saldo awal	586.170	341.062
Ditambah:		
Bagian Pemerintah atas produksi minyak mentah Indonesia yang masuk ke kilang Perusahaan pada tahun berjalan	6.819.294	4.726.374
Dikurangi:		
Pembayaran tunai	(6.641.271)	(4.455.821)
Keuntungan selisih kurs	<u>(14.237)</u>	<u>(25.444)</u>
Saldo akhir	<u>749.956</u>	<u>586.171</u>

b. Pinjaman Proyek Pembangunan Depot Pengisian Pesawat Udara ("DPPU") Ngurah Rai

Pada tanggal 7 Mei 2007, Pemerintah meneruskan pinjaman sebesar ¥1.172.872.837 (nilai penuh) yang diperoleh dari Overseas Economic Cooperation Fund Jepang kepada Perusahaan untuk proyek pembangunan DPPU Ngurah Rai sesuai dengan perjanjian pinjaman tanggal 29 November 1994.

Pinjaman tersebut harus dilunasi dalam 36 kali cicilan semesteran mulai Mei 2007 sampai dengan November 2024 dan dikenakan suku bunga 3,1% per tahun. Saldo pinjaman per tanggal 31 Desember 2017 adalah ¥580.408.306 (nilai penuh) atau setara dengan US\$5.152.

17. DUE TO THE GOVERNMENT (continued)

a. Conversion account

The conversion account represents the Company's liability to the Government in relation to the shipment of the Government's share of Indonesian crude oil production to the Company's refineries for processing to meet the domestic demand for fuel products. The Government's share in the Indonesian crude oil production is derived from PT Pertamina EP's, PHE's, PEPC and other PSC's working areas.

The movements of the conversion account are as follows:

	<u>2017</u>	<u>2016</u>
Saldo awal	586.170	341.062
Ditambah:		
Bagian Pemerintah atas produksi minyak mentah Indonesia yang masuk ke kilang Perusahaan pada tahun berjalan	6.819.294	4.726.374
Dikurangi:		
Pembayaran tunai	(6.641.271)	(4.455.821)
Keuntungan selisih kurs	<u>(14.237)</u>	<u>(25.444)</u>
Saldo akhir	<u>749.956</u>	<u>586.171</u>

b. Ngurah Rai Airport Refuelling Facility Construction Project Loan

On May 7, 2007, the Government channelled a loan amounting to ¥1,172,872,837 (full amount) from the Overseas Economic Cooperation Fund Japan to the Company in relation to the construction of the Ngurah Rai Airport refuelling facility in accordance with the loan agreement dated November 29, 1994.

The loan is repayable in 36 semi-annual installments commencing in May 2007 through November 2024, and is subject to interest at the rate of 3.1% per annum. The outstanding loan balance as of December 31, 2017 amounted to ¥580,408,306 (full amount) or equal to US\$5,152.

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17. UTANG PEMERINTAH (lanjutan)

c. Pinjaman Proyek Pembangunan Panas Bumi Lumut Balai

Dalam rangka pelaksanaan *Lumut Balai Geothermal Power Plant Project*, Perusahaan telah memperoleh dana pinjaman dari Japan International Cooperation Agency ("JICA") yang merupakan *Government to Government Loan*.

Pada tanggal 29 Maret 2011, telah ditandatangani *Loan Agreement* ("LA") IP-557 antara Pemerintah Indonesia diwakili oleh Direktur Jenderal Pengelolaan Utang Kementerian Keuangan dengan JICA yang diwakili oleh *Chief Representative* JICA, dengan Perusahaan bertindak sebagai *Executing Agency* dan PGE sebagai *Implementing Agency*, dengan jumlah pinjaman sebesar ¥26.966.000.000 (nilai penuh) untuk jangka waktu penarikan pinjaman delapan tahun sejak dinyatakan efektif dengan suku bunga 0,6000% dan 0,2000%.

Pelunasan pokok pinjaman dilakukan setiap setengah tahunan, setiap tgl 20 Maret dan 20 September, dimulai tanggal 20 Maret 2021 sampai Maret 2051. Saldo pinjaman per tanggal 31 Desember 2017 adalah ¥5.363.082.289 (nilai penuh) atau setara dengan US\$47.590.

d. Pinjaman Proyek Pembangunan Panas Bumi Ulubelu dan Lahendong

Dalam rangka pelaksanaan *Ulubelu and Lahendong Geothermal Clean Energy Investment Project* telah diperoleh dana pinjaman dari *International Bank for Reconstruction and Development* ("IBRD") yang merupakan pinjaman dari Bank Dunia.

Pada tanggal 5 Desember 2011, telah ditandatangani LA 8082-ID dan TF10417-ID antara Pemerintah Indonesia dengan IBRD dengan Perusahaan bertindak sebagai *Executing Agency* dan PGE sebagai *Implementing Agency*, dengan jumlah pinjaman sebesar US\$300.000 yang terdiri dari LA 8082-ID sebesar US\$175.000 dan LA TF10417-ID sebesar US\$125.000. Suku bunga pinjaman dari World Bank adalah sebesar LIBOR + *variance spread* + 0,5%, sementara suku bunga pinjaman dari JICA adalah sebesar 0,25% + 0,25%.

17. DUE TO THE GOVERNMENT (continued)

c. Lumut Balai Geothermal Project Loan

For the implementation of *Lumut Balai Geothermal Power Plant Project*, the Company has obtained loans from the Japan International Cooperation Agency ("JICA") as part of the *Government to Government Loan* scheme.

On March 29, 2011, *Loan Agreement* ("LA") IP-557 was signed by the Government of Indonesia, represented by the *Director General of Debt Management, Ministry of Finance*, and JICA, represented by the *Chief Representative of JICA*, with the Company as *Executing Agency* and PGE as *Implementing Agency*, amounting to ¥26,966,000,000 (full amount) with period of withdrawal for eight years from the effective date with effective rates at 0.6000% and 0.2000%.

Repayment of the loan principal will be on a semi-annual basis, on March 20, and September 20, commencing on March 20, 2021 to March 2051. The outstanding loan balance as of December 31, 2017 amounted to ¥5,363,082,289 (full amount) or equal to US\$47,590.

d. Ulubelu and Lahendong Geothermal Project Loan

For the implementation of *Ulubelu and Lahendong Geothermal Clean Energy Investment Project*, the Company has obtained loans from the *International Bank for Reconstruction and Development* ("IBRD") as part of the *World Bank Loan*.

On December 5, 2011, LA 8082-ID and TF10417-ID were signed by the Government of Indonesia and IBRD with the Company as *Executing Agency* and PGE as *Implementing Agency*, amounting to US\$300,000 consisting of LA 8082-ID amounting to US\$175,000 and LA TF10417-ID amounting to US\$125,000. Interest rate from World Bank is at LIBOR + *variance spread* + 0.5%, while interest rate from JICA IS AT 0.25% + 0.25%.

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17. UTANG PEMERINTAH (lanjutan)

d. Pinjaman Proyek Pembangunan Panas Bumi Ulubelu dan Lahendong (lanjutan)

Pelunasan pokok pinjaman dilakukan setiap setengah tahunan, setiap tanggal 10 April dan 10 Oktober, untuk LA-8082-ID dimulai tanggal 10 Oktober 2020 sampai 10 Oktober 2035 dan untuk LA TF10417-ID dimulai tanggal 10 Oktober 2021 sampai 10 April 2051. Saldo pinjaman per tanggal 31 Desember 2017 untuk LA 8082-ID adalah US\$131.055 dan LA TF10417-ID adalah US\$121.068.

e. Liabilitas Sewa Pembiayaan atas Pemakaian Barang Milik Negara oleh PT Pertamina EP

Berdasarkan Keputusan Menteri Keuangan tanggal 2 Mei 2008, status aset-aset yang dahulunya dimiliki oleh Pertamina Lama yang tidak ditetapkan di dalam neraca pembukaan Perusahaan, adalah Barang Milik Negara ("BMN"), yang penguasaannya dilakukan oleh Direktorat Jenderal Kekayaan Negara.

Pada tanggal 20 September 2016, Perjanjian Sewa Barang Milik Negara antara Kementerian Keuangan Republik Indonesia dengan PT Pertamina EP No. PRJ-3-MK.6/2016 dan No. 1307/EP0000/2016-S0 telah ditandatangani. Dengan ditandatanganinya perjanjian tersebut, manajemen berkeyakinan bahwa utang sewa untuk BMN yang tidak digunakan tidak akan ditagih oleh Pemerintah karena tidak termasuk dalam lingkup perjanjian tersebut. Oleh karena itu, pada tahun 2016, PT Pertamina EP melakukan koreksi atas utang sewa untuk BMN yang tidak digunakan oleh PT Pertamina EP.

Jumlah ini merupakan utang sewa pembiayaan atas BMN yang meliputi instalasi, bangunan dan harta bergerak yang digunakan di dalam kegiatan usaha minyak dan gas bumi PT Pertamina EP.

Pihak yang menyewakan	Jenis aset/ Type of assets	2017	2016	Lessor
Kementerian Keuangan	Aset instalasi, bangunan, HBM/Installation assets, buildings and moveable assets	88.536	90.218	The Ministry of Finance
Dikurangi bagian lancar		(1.087)	(944)	Less current portion
Bagian jangka panjang		87.449	89.274	Non-current portion

17. DUE TO THE GOVERNMENT (continued)

d. Ulubelu and Lahendong Geothermal Project Loan (continued)

Repayment of the loan principal will be on a semi-annual basis, on April 10 and October 10, LA-8082-ID, commencing on October 10, 2020 until October 10, 2035 and LA TF10417-ID, October 10, 2021 until April 10, 2051. The outstanding loan balance as of December 31, 2017 for LA 8082-ID amounted to US\$131,055 and LA TF10417-ID amounted to US\$121,068.

e. Finance Lease Liability involving State-Owned Assets Utilized by PT Pertamina EP

In accordance with the Minister of Finance Decree dated May 2, 2008, assets previously owned by the former Pertamina Entity which have not been recognized in the opening balance sheet of the Company, represent state-owned assets ("BMN"), the control of which is exercised by the Directorate General of State Assets.

On September 20, 2016, the State Property Lease Agreements between the Ministry of Finance of the Republic of Indonesia with PT Pertamina EP No. PRJ-3-MK.6/2016 and No. 1307/EP0000/2016-S0 have been signed. With the signing of the agreements, management believes that the property lease payable for unutilized BMN, will not be charged by the Government since it was not included as part of the scope of the agreements. Therefore, in 2016, PT Pertamina EP made correction to the BMN lease payable for BMN which are not used by PT Pertamina EP.

This amount represents the finance lease payables for BMN that include installations, buildings and moveable equipment utilized in the PT Pertamina EP's oil and gas operations.

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17. UTANG PEMERINTAH (lanjutan)

e. Liabilitas Sewa Pembiayaan atas Pemakaian Barang Milik Negara oleh PT Pertamina EP (lanjutan)

Pembayaran sewa minimum masa datang pada tanggal-tanggal 31 Desember 2017 dan 2016 adalah sebagai berikut:

	<u>2017</u>	<u>2016</u>
Jatuh tempo kurang dari satu tahun	15.295	15.423
Jatuh tempo lebih dari satu tahun sampai dengan lima tahun	76.475	77.112
Jatuh tempo lebih dari lima tahun	<u>179.716</u>	<u>196.637</u>
Jumlah	271.486	289.172
Dikurangi bunga	<u>(182.950)</u>	<u>(198.954)</u>
Neto	88.536	90.218
Bagian lancar	<u>(1.087)</u>	<u>(944)</u>
Bagian jangka panjang	<u>87.449</u>	<u>89.274</u>

f. Liabilitas Lainnya

Pemerintah memberikan mandat kepada Grup untuk menyediakan dan mendistribusikan tiga jenis bahan bakar sebagai berikut:

1. Jenis BBM Tertentu ("JBT") berupa produk solar dan kerosene yang diberikan subsidi oleh Pemerintah;
2. Jenis BBM Khusus Penugasan ("JBKP") berupa produk premium (bensin dengan RON minimum 88) di wilayah penugasan. Wilayah penugasan sebagaimana dimaksud meliputi seluruh Wilayah Negara Kesatuan Republik Indonesia kecuali di wilayah Provinsi Daerah Khusus Ibukota Jakarta, Banten, Jawa Barat, Jawa Tengah, Jawa Timur, Daerah Istimewa Yogyakarta, dan Bali; dan
3. Jenis BBM Umum berupa seluruh jenis BBM diluar JBT dan JBKP. Produk yang beredar antara lain Pertamina Plus, Pertamina, Peralite, Pertamina DEX dan produk bahan bakar khusus ("BBK") lainnya.

17. DUE TO THE GOVERNMENT (continued)

e. Finance Lease Liability involving State-Owned Assets Utilized by PT Pertamina EP (continued)

Future minimum lease payments as of December 31, 2017 and 2016, are as follows:

	<u>2017</u>	<u>2016</u>	
Jatuh tempo kurang dari satu tahun	15.295	15.423	<i>Within one year</i>
Jatuh tempo lebih dari satu tahun sampai dengan lima tahun	76.475	77.112	<i>More than one year but not more than five years</i>
Jatuh tempo lebih dari lima tahun	<u>179.716</u>	<u>196.637</u>	<i>More than five years</i>
Jumlah	271.486	289.172	<i>Total</i>
Dikurangi bunga	<u>(182.950)</u>	<u>(198.954)</u>	<i>Less interest</i>
Neto	88.536	90.218	<i>Net</i>
Bagian lancar	<u>(1.087)</u>	<u>(944)</u>	<i>Current portion</i>
Bagian jangka panjang	<u>87.449</u>	<u>89.274</u>	<i>Non-current portion</i>

f. Other Liability

The Government mandates the Group to provide and distribute three types of fuel as follows:

1. Certain kinds of BBM products ("JBT") such as diesel and kerosene products were subsidised by the Government;
2. Special assignment-BBM products ("JBKP") such as premium (gasoline with minimum RON 88) in the areas of deployment. Such assignment covers the whole territory of the Republic of Indonesia except in the Special Provinces of Jakarta, Banten, West Java, Central Java, East Java, Yogyakarta Special Region, and Bali; and
3. General BBM products involve all BBM products except JBT and JBKP. Distributed products include Pertamina Plus, Pertamina, Peralite, Pertamina DEX and other special fuel ("BBK") products.

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17. UTANG PEMERINTAH (lanjutan)**f. Liabilitas Lainnya (lanjutan)**

Sepanjang tahun 2016, penentuan harga eceran jenis bahan bakar yang didistribusikan Grup didasarkan dua ketentuan, yaitu:

1. Keputusan Menteri ESDM Republik Indonesia Tentang Harga Dasar BBM (selanjutnya disebut sebagai harga formula HIP/Harga Indeks Pasar); dan
2. Keputusan Menteri ESDM Republik Indonesia Tentang Harga Jual Eceran Jenis BBM Tertentu dan Jenis BBM Khusus Penugasan (selanjutnya disebut sebagai harga eceran umum atau harga ketentuan).

Atas disparitas dua referensi harga yang diterapkan dalam penentuan harga jual untuk JBT dan JKBP, Grup melakukan koreksi atas pendapatan sebesar US\$209.175 (nilai sebelum pajak) untuk tahun yang berakhir pada tanggal 31 Desember 2016.

Pada tahun 2017, Perusahaan melakukan koreksi nilai disparitas dua referensi harga tersebut diatas menjadi US\$174.907 (nilai sebelum PBBKB dan PPN) sesuai dengan Laporan Hasil Pemeriksaan (LHP) BPK No. 39/AUDITAMA VII/PDPT/11/2017 tanggal 13 November 2017.

17. DUE TO THE GOVERNMENT (continued)**f. Other Liability (continued)**

During 2016, the determination of retail prices of fuel that is distributed by the Group is based on two regulations, namely:

1. Decree of the Minister of Energy & Mining Resources of the Republic of Indonesia On the Basic Fuel Price (hereinafter referred to as the formula of MPI/Market Price Index); and
2. Decree of the Minister of Energy & Mining Resources of the Republic of Indonesia On Retail Prices of certain kinds of BBM products and Special assignment-BBM products (hereinafter referred to as the general retail price or the decreed price).

On the disparity of these two regulations of price references, which are applied in the determination of selling price for JBT and JKBP, the Group made correction on revenue of US\$209,175 (before tax) for the year ended December 31, 2016.

In 2017, the Company corrected the disparity on these two price references discussed above to US\$174,907 (excluding fuel tax and VAT) based on BPK assessment report No. 39/AUDITAMA VII/PDPT/11/2017 dated November 13, 2017.

18. BEBAN AKRUAL**18. ACCRUED EXPENSES**

	<u>2017</u>	<u>2016</u>	
Pemasok dan kontraktor	913.535	709.878	Suppliers and contractors
Bonus, insentif, dan gaji	435.066	359.463	Bonuses, incentives, and salaries
Liabilitas imbalan kerja karyawan yang akan jatuh tempo dalam satu tahun (Catatan 21b)	260.010	202.392	Employee benefit liabilities due within one year (Note 21b)
Estimasi klaim retensi sendiri	190.458	123.423	Estimated owned retention claim
Bunga pinjaman	68.109	66.120	Interest on loans
Lain-lain	<u>120.481</u>	<u>82.082</u>	Others
Jumlah	<u>1.987.659</u>	<u>1.543.358</u>	Total

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19. LIABILITAS JANGKA PANJANG

19. LONG-TERM LIABILITIES

	<u>2017</u>	<u>2016</u>	
Pinjaman bank:			Bank loans:
Entitas berelasi dengan Pemerintah	174.637	192.324	Government-related entities
Pihak ketiga	<u>2.076.140</u>	<u>2.002.816</u>	Third parties
	2.250.777	2.195.140	
Biaya penerbitan - neto	<u>(6.838)</u>	<u>(13.199)</u>	Issuance costs - net
Jumlah pinjaman bank - neto	2.243.939	2.181.941	Total bank loans - net
Sewa pembiayaan	<u>207.104</u>	<u>212.486</u>	Finance leases
Jumlah liabilitas jangka panjang	2.451.043	2.394.427	Total long-term liabilities
Bagian lancar	<u>(365.959)</u>	<u>(573.450)</u>	Current portion
Liabilitas jangka panjang - setelah dikurangi bagian lancar	<u>2.085.084</u>	<u>1.820.977</u>	Long-term liabilities - net of current portion

Tingkat bunga per tahun pinjaman jangka panjang selama tahun 2017 dan 2016 adalah sebagai berikut:

Annual interest rates on bank loans during 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>	
Rupiah	7,25% - 13,00%	9,00% - 12,50%	Rupiah
Dolar AS	1,37% - 3,51%	1,46% - 3,20%	US Dollar

a. Pinjaman bank

a. Bank loans

Rincian pinjaman sindikasi dan pinjaman bank Grup pada tanggal-tanggal 31 Desember 2017 dan 2016 adalah sebagai berikut:

Details of the Group's syndicated and bank loans as of December 31, 2017 and 2016 are as follows:

	<u>2017</u>		
	<u>Jumlah/ Total</u>	<u>Lancar/ Current</u>	<u>Tidak lancar/ Non-current</u>
<u>Entitas berelasi dengan Pemerintah/Government-related entities</u>			
Bank Mandiri	17.463	15.981	1.482
BNI	2.714	2.449	265
BRI	1.725	1.532	193
PT Bank BNI Syariah	359	255	104
<u>Lembaga Keuangan Lainnya/Other Financial Institution</u>			
Lembaga Pembiayaan Ekspor Indonesia	2.376	2.376	-
PT Multi Sarana Infrastruktur	150.000	-	150.000
<u>Pihak ketiga/Third parties</u>			
BOTM (Pinjaman sindikasi/Syndicated loan)	1.935.000	277.547	1.657.453
Sumitomo Mitsui Banking Corporation	80.893	10.602	70.291
PT Bank Sumitomo Mitsui Indonesia	<u>60.247</u>	<u>7.273</u>	<u>52.974</u>
Jumlah/Total	<u>2.250.777</u>	<u>318.015</u>	<u>1.932.762</u>

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19. LIABILITAS JANGKA PANJANG (lanjutan)**a. Pinjaman bank (lanjutan)**

	2016		
	Jumlah/ Total	Lancar/ Current	Tidak lancar/ Non-current
<u>Entitas berelasi dengan Pemerintah/Government-related entities</u>			
Bank Mandiri	14.996	2.967	12.029
BNI	1.377	1.109	268
BRI	1.218	1.218	-
PT Bank BNI Syariah	297	147	150
<u>Lembaga Keuangan Lainnya/Other Financial Institution</u>			
Lembaga Penjaminan Ekspor Indonesia	24.436	7.152	17.284
PT Sarana Multi Infrastruktur (Persero)	150.000	-	150.000
<u>Pihak ketiga/Third parties</u>			
BOTM (Pinjaman sindikasi/Syndicated loan)	1.104.412	123.036	981.376
BNP Paribas Investment Partners (Pinjaman sindikasi/Syndicated loan)	768.900	384.050	384.850
Sumitomo Mitsui Banking Corporation	91.494	-	91.494
PT Bank Sumitomo Mitsui Indonesia	29.518	-	29.518
Mizuho Corporate Bank, Ltd.	2.438	2.438	-
BCA	1.237	1.237	-
Lain-lain/Others	4.817	4.464	353
Jumlah/Total	2.195.140	527.818	1.667.322

Informasi lain mengenai pinjaman sindikasi dan bank Grup pada tanggal 31 Desember 2017 adalah sebagai berikut:

<u>Kreditur/Creditors</u>
Perusahaan/The Company
Sumitomo Mitsui Banking Corporation (Pinjaman berjangka/Long-term loan)
Lembaga Keuangan Lainnya/ Other Financial Institution
PT Sarana Multi Infrastruktur (Persero) (Pinjaman berjangka/Long-term loan)
BOTM (Pinjaman sindikasi/Syndicated loan)
Entitas Anak/Subsidiaries
BNI
PT Tugu Pratama Indonesia
PT Bank BNI Syariah
PT Elnusa Tbk.
PT Pertamina Trans Kontinental
PT Bank Sumitomo Mitsui Indonesia
PT Pertamina Trans Kontinental
Lembaga Keuangan Lainnya/ Other Financial Institution
Lembaga Penjaminan Ekspor Indonesia
PT Pelita Air Service
Bank Mandiri
PT Pelita Air Service
PT Pertamina Trans Kontinental
BRI
PT Pertamina Patra Niaga
BOTM (Pinjaman sindikasi/Syndicated loan)
PT Pertamina Internasional Eksplorasi Produksi (PIEP)

19. LONG-TERM LIABILITIES (continued)**a. Bank loans (continued)**

	2016		
	Jumlah/ Total	Lancar/ Current	Tidak lancar/ Non-current
<u>Entitas berelasi dengan Pemerintah/Government-related entities</u>			
Bank Mandiri	14.996	2.967	12.029
BNI	1.377	1.109	268
BRI	1.218	1.218	-
PT Bank BNI Syariah	297	147	150
<u>Lembaga Keuangan Lainnya/Other Financial Institution</u>			
Lembaga Penjaminan Ekspor Indonesia	24.436	7.152	17.284
PT Sarana Multi Infrastruktur (Persero)	150.000	-	150.000
<u>Pihak ketiga/Third parties</u>			
BOTM (Pinjaman sindikasi/Syndicated loan)	1.104.412	123.036	981.376
BNP Paribas Investment Partners (Pinjaman sindikasi/Syndicated loan)	768.900	384.050	384.850
Sumitomo Mitsui Banking Corporation	91.494	-	91.494
PT Bank Sumitomo Mitsui Indonesia	29.518	-	29.518
Mizuho Corporate Bank, Ltd.	2.438	2.438	-
BCA	1.237	1.237	-
Lain-lain/Others	4.817	4.464	353
Jumlah/Total	2.195.140	527.818	1.667.322

Other information on the Group's syndicated and bank loans as of December 31, 2017 is as follows:

<u>Jadwal pembayaran/Repayment schedule</u>
Beberapa cicilan/Several installments (2016-2025)
Beberapa cicilan/Several installments (2015-2025)
Beberapa cicilan/Several installments (2016-2021)
Beberapa cicilan/Several installments (2014-2018)
Beberapa cicilan/Several installments (2014-2018)
Beberapa cicilan/Several installments (2016-2019)
Beberapa cicilan/Several installments (2015-2024)
Beberapa cicilan/Several installments (2012-2018)
Beberapa cicilan/Several installments (2014-2019)
Beberapa cicilan/Several installments (2017-2018)
Beberapa cicilan/Several installments (2014-2018)
Beberapa cicilan/Several installments (2020-2023)

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19. LIABILITAS JANGKA PANJANG (lanjutan)

a. Pinjaman bank (lanjutan)

Pinjaman ini ditujukan untuk mendanai belanja modal Perusahaan dan/atau Entitas Anak, kegiatan umum dan biaya proyek tertentu sehubungan dengan perjanjian.

Berdasarkan beberapa perjanjian pinjaman, debitur diwajibkan memenuhi batasan-batasan tertentu seperti batasan rasio keuangan, batasan melakukan perubahan bisnis yang substansial dan tidak melakukan *merger*.

Pinjaman bank jangka panjang entitas anak tertentu dijamin dengan piutang (Catatan 7) dan aset tetap (Catatan 12) entitas anak tersebut.

Pada tanggal 12 Desember 2017, Etablissements Maurel & Prom menandatangani perjanjian pinjaman sindikasi dengan 2 (dua) bank nasional dan 7 (tujuh) bank asing. The Bank of Tokyo Mitsubishi UFJ, Ltd., Hong Kong Branch bertindak sebagai *Facility Agent*. Jumlah fasilitas pinjaman sindikasi tersebut adalah sebesar US\$600 juta dengan tingkat suku bunga LIBOR ditambah 1,5% margin dan harus dibayar kembali secara triwulanan mulai bulan Maret 2020 sampai Desember 2023.

Sebelum tanggal efektif perjanjian pinjaman sindikasi tersebut di atas pada tanggal 11 Desember 2017, sesuai dengan persyaratan dalam perjanjian sindikasi tersebut di atas, PT Pertamina Internasional Eksplorasi dan Produksi ("PIEP"), sebagai *Sponsor*, Maurel & Prom West Africa SA, sebagai *Borrower*, dan The Bank of Tokyo Mitsubishi UFJ, Ltd., Hongkong Branch sebagai *Facility Agent*, menandatangani perjanjian *Sponsor Support Agreement*. Perjanjian ini mengatur bahwa apabila *Borrower* tidak dapat memenuhi kewajibannya pada waktu yang ditentukan (*Borrower Non-Payment*), maka *Borrower* harus segera menyampaikan *Sponsor Loan Request Notice* yang ditujukan kepada *Sponsor*, dan *Sponsor* berwajib untuk menyediakan dana kepada *Borrower* sebesar seluruh kewajiban yang belum terselesaikan termasuk didalamnya bunga yang masih terhutang. Pada tanggal 11 Desember 2017, Perusahaan telah mengeluarkan *comfort letter* seperti yang diminta dalam perjanjian sindikasi tersebut di atas, namun Perusahaan tidak memberikan jaminan terhadap kewajiban PIEP dalam perjanjian *Sponsor Support Agreement* dan Perusahaan tidak bertindak sebagai penjamin.

19. LONG-TERM LIABILITIES (continued)

a. Bank loans (continued)

These bank loans are obtained to finance the capital expenditures of the Company's and/or Subsidiaries' projects, general activities and certain costs relating to the agreement.

As specified by the loan agreements, the borrowers are required to comply with certain covenants, such as financial ratio covenants, no substantial change in the general business of the Company and/or Subsidiaries and not entering into mergers.

The certain subsidiaries' long-term bank loans are collateralised by those subsidiaries' receivables (Note 7) and fixed assets (Note 12).

On December 12, 2017, Etablissements Maurel & Prom entered into a syndicated loan agreement with 2 (two) national banks and 7 (seven) overseas banks. The Bank of Tokyo Mitsubishi UFJ, Ltd., Hong Kong Branch acting as Facility Agent. The syndicated loan facility amount is US\$ 600 million with bear interest at LIBOR plus 1.5% margin and shall be repaid on quarterly basis starting March 2020 to December 2023.

Prior to effective date of the above syndicated loan agreement, on December 11, 2017, as required by syndication loan agreement, PT Pertamina Internasional Eksplorasi dan Produksi ("PIEP"), as Sponsor, Maurel & Prom West Africa SA, as Borrower, and The Bank of Tokyo Mitsubishi UFJ, Ltd. Hongkong Branch as Facility Agent, signed the Sponsor Support Agreement. This Agreement stipulates that if the Borrower fails to fulfill its obligations (Borrower Non-Payment), the Borrower must immediately submit the Sponsor Loan Request Notice to the Sponsor, and the Sponsor is obligated to provide funds to the Borrower for all unsettled obligations including outstanding interest payable. On December 11, 2017, the Company has issued a comfort letter as required in the syndicated bank facilities as discussed above, but not constitute a guarantee in respect of the obligation of PIEP under Sponsor Support Agreement and the Company shall not be construed as acting as a guarantor.

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19. LIABILITAS JANGKA PANJANG (lanjutan)

a. Pinjaman bank (lanjutan)

Pada tanggal-tanggal 31 Desember 2017 dan 2016, Grup memenuhi batasan-batasan yang diatur dalam perjanjian pinjaman tersebut.

b. Sewa pembiayaan

Akun ini merupakan pembayaran sewa minimum Grup di masa yang akan datang dari transaksi-transaksi sewa pembiayaan untuk Stasiun Pengisian dan Pengangkutan Bulk Elpiji ("SPPBE"), *landing craft transports*, mobil tanki BBM dan LPG, server komputer, instalasi pipa gas dan pabrik LPG.

Pembayaran sewa minimum masa akan datang pada tanggal-tanggal 31 Desember 2017 dan 2016 adalah sebagai berikut:

	<u>2017</u>	<u>2016</u>	
Jatuh tempo			
kurang dari satu tahun	54.407	55.501	<i>Payable within one year</i>
Jatuh tempo lebih dari			<i>Payable more than one</i>
satu tahun dan kurang dari			<i>year and not more than</i>
lima tahun	121.179	161.754	<i>five years</i>
Jatuh tempo lebih dari lima tahun	<u>49.493</u>	<u>15.496</u>	<i>Payable more than five years</i>
Jumlah	225.079	232.751	<i>Total</i>
Dikurangi bunga	<u>(17.975)</u>	<u>(20.265)</u>	<i>Less interest</i>
Neto	207.104	212.486	<i>Net</i>
Bagian lancar	<u>(50.008)</u>	<u>(50.562)</u>	<i>Current portion</i>
Bagian tidak lancar	<u>157.096</u>	<u>161.924</u>	<i>Non-current portion</i>

19. LONG-TERM LIABILITIES (continued)

a. Bank loans (continued)

As of December 31, 2017 and 2016, the Group complied with the covenants as required by the loan agreements.

b. Finance leases

This account represents the Group's future minimum lease payments from finance lease transactions for the LPG Filling and Transport Stations ("SPPBEs"), *landing craft transports*, *BBM and LPG truck tankers*, *computer servers*, *gas pipeline installations and LPG plants*.

Future minimum lease payments as of December 31, 2017 and 2016 are as follows:

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20. UTANG OBLIGASI

20. BONDS PAYABLE

	<u>2017</u>	<u>2016</u>	
Obligasi Senior - Perusahaan			Senior Notes - Company
Penerbitan tahun 2011 - I	1.000.000	1.000.000	<i>Issued in 2011 - I</i>
Penerbitan tahun 2011 - II	500.000	500.000	<i>Issued in 2011 - II</i>
Penerbitan tahun 2012 - I	1.242.000	1.242.000	<i>Issued in 2012 - I</i>
Penerbitan tahun 2012 - II	1.230.000	1.230.000	<i>Issued in 2012 - II</i>
Penerbitan tahun 2013 - I	1.615.000	1.615.000	<i>Issued in 2013 - I</i>
Penerbitan tahun 2013 - II	1.462.500	1.462.500	<i>Issued in 2013 - II</i>
Penerbitan tahun 2014 - I	<u>1.500.000</u>	<u>1.500.000</u>	<i>Issued in 2014 - I</i>
Jumlah	8.549.500	8.549.500	<i>Total</i>
Diskonto	(51.180)	(51.180)	<i>Discount</i>
Biaya penerbitan	(23.552)	(23.552)	<i>Issuance costs</i>
Amortisasi diskonto dan biaya penerbitan	<u>23.679</u>	<u>17.544</u>	<i>Amortization of discount and issuance costs</i>
Jumlah Utang Obligasi Perusahaan - jangka panjang	<u>8.498.447</u>	<u>8.492.312</u>	<i>Total Bonds Payable - Company-non current</i>

Rincian utang obligasi Perusahaan:

Details of the Company's bonds payable:

	<u>Pokok/ Principal 2017</u>	<u>Pokok/ Principal 2016</u>	<u>Harga penerbitan/ Issuance price</u>	<u>Tanggal jatuh tempo/ Maturity date</u>	<u>Tingkat bunga/ Interest rate</u>	
Penerbitan tahun 2011						<i>Issued in 2011</i>
Jatuh tempo 2021	1.000.000	1.000.000	98,097%	23 Mei/May 2021	5,25%	<i>Due in 2021</i>
Jatuh tempo 2041	500.000	500.000	98,380%	27 Mei/May 2041	6,50%	<i>Due in 2041</i>
Penerbitan tahun 2012						<i>Issued in 2012</i>
Jatuh tempo 2022	1.242.000	1.242.000	99,414%	3 Mei/May 2022	4,88%	<i>Due in 2022</i>
Jatuh tempo 2042	1.230.000	1.230.000	98,631%	3 Mei/May 2042	6,00%	<i>Due in 2042</i>
Penerbitan tahun 2013						<i>Issued in 2013</i>
Jatuh tempo 2023	1.615.000	1.615.000	100,000%	20 Mei/May 2023	4,30%	<i>Due in 2023</i>
Jatuh tempo 2043	1.462.500	1.462.500	100,000%	20 Mei/May 2043	5,63%	<i>Due in 2043</i>
Penerbitan tahun 2014						<i>Issued in 2014</i>
Jatuh tempo 2044	1.500.000	1.500.000	100,000%	30 Mei/May 2044	6,45%	<i>Due in 2044</i>
Jumlah	<u>8.549.500</u>	<u>8.549.500</u>				<i>Total</i>

a) Penerbitan tahun 2011 - I

Pada tanggal 23 Mei 2011, Perusahaan menerbitkan obligasi senior sejumlah US\$1.000.000 dengan HSBC Bank USA, N.A. sebagai Wali Amanat. Bunga dibayarkan setiap enam bulan sejak tanggal 23 November 2011 sampai dengan jatuh tempo.

a) *Issued in 2011 - I*

On May 23, 2011, the Company issued senior notes amounting to US\$1,000,000 with HSBC Bank USA, N.A. acting as a Trustee. The interest is payable semi-annually starting from November 23, 2011 until the maturity date.

b) Penerbitan tahun 2011 - II

Pada tanggal 27 Mei 2011, Perusahaan menerbitkan obligasi senior sejumlah US\$500.000 dengan HSBC Bank USA, N.A. sebagai Wali Amanat. Bunga dibayarkan setiap enam bulan sejak tanggal 27 November 2011 sampai dengan tanggal jatuh tempo.

b) *Issued in 2011 - II*

On May 27, 2011, the Company issued senior notes amounting to US\$500,000 with HSBC Bank USA, N.A. acting as a Trustee. The interest is payable semi-annually starting from November 27, 2011 until the maturity date.

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20. UTANG OBLIGASI (lanjutan)

Rincian utang obligasi: (lanjutan)

c) Penerbitan tahun 2012 - I

Pada tanggal 3 Mei 2012, Perusahaan menerbitkan obligasi senior sejumlah US\$1.250.000 dengan HSBC Bank USA, N.A. sebagai Wali Amanat. Bunga dibayarkan setiap enam bulan sejak 3 November 2012 sampai dengan tanggal jatuh tempo.

d) Penerbitan tahun 2012 - II

Pada tanggal 3 Mei 2012, Perusahaan menerbitkan obligasi senior sejumlah US\$1.250.000 dengan HSBC Bank USA, N.A. sebagai Wali Amanat. Bunga dibayarkan setiap enam bulan sejak 3 November 2012 sampai dengan tanggal jatuh tempo.

e) Penerbitan tahun 2013 - I

Pada tanggal 20 Mei 2013, Perusahaan menerbitkan obligasi senior sejumlah US\$1.625.000 dengan The Bank of New York Mellon sebagai Wali Amanat. Bunga dibayarkan setiap enam bulan sejak 20 November 2013 sampai dengan tanggal jatuh tempo.

f) Penerbitan tahun 2013 - II

Pada tanggal 20 Mei 2013, Perusahaan menerbitkan obligasi senior sejumlah US\$1.625.000 dengan The Bank of New York Mellon sebagai Wali Amanat. Bunga dibayarkan setiap enam bulan sejak 20 November 2013 sampai dengan tanggal jatuh tempo.

g) Penerbitan tahun 2014 - I

Pada tanggal 30 Mei 2014, Perusahaan menerbitkan obligasi senior sejumlah US\$1.500.000 dengan The Bank of New York Mellon sebagai Wali Amanat. Bunga dibayarkan setiap enam bulan sejak 30 November 2014 sampai dengan tanggal jatuh tempo.

Pada tanggal 31 Desember 2017, Perusahaan memperoleh peringkat Baa3 dengan *outlook* positif dari Moody's Investors Service, BBB dengan *outlook* stable dari FitchRatings dan BBB- dengan *outlook* stable dari Standard & Poor's.

20. BONDS PAYABLE (continued)

Details of bonds payable: (continued)

c) Issued in 2012 - I

On May 3, 2012, the Company issued senior notes amounting to US\$1,250,000 with HSBC Bank USA, N.A. acting as a Trustee. The interest is payable semi-annually starting from November 3, 2012 until the maturity date.

d) Issued in 2012 - II

On May 3, 2012, the Company issued senior notes amounting to US\$1,250,000 with HSBC Bank USA, N.A. acting as a Trustee. The interest is payable semi-annually starting from November 3, 2012 until the maturity date.

e) Issued in 2013 - I

On May 20, 2013, the Company issued senior notes amounting to US\$1,625,000 with The Bank of New York Mellon acting as a Trustee. The interest is payable semi-annually starting from November 20, 2013 until the maturity date.

f) Issued in 2013 - II

On May 20, 2013, the Company issued senior notes amounting to US\$1,625,000 with The Bank of New York Mellon acting as a Trustee. The interest is payable semi-annually starting from November 20, 2013 until the maturity date.

g) Issued in 2014 - I

On May 30, 2014, the Company issued senior notes amounting to US\$1,500,000 with The Bank of New York Mellon acting as a Trustee. The interest is payable semi-annually starting from November 30, 2014 until the maturity date.

As of December 31, 2017, the Company was rated as Baa3 with a positive outlook by Moody's Investors Service, BBB with a stable outlook by FitchRatings and BBB- with a stable outlook by Standard & Poor's.

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20. UTANG OBLIGASI (lanjutan)

Perjanjian Wali Amanat menetapkan bahwa:

- Tidak lebih dari 30 hari sejak kejadian dimana Pemerintah Indonesia kehilangan kepemilikan lebih dari 50%, baik langsung maupun tidak langsung, hak suara pada Perusahaan (*Change of Control Triggering Event*), Perusahaan dapat diminta untuk melakukan penawaran untuk membeli kembali obligasi senior dengan harga 101% dari nilai nominal ditambah bunga terutang sampai tanggal pembelian kembali. Perusahaan mempunyai opsi untuk menebus kembali seluruh obligasi senior ini dengan harga 100% dari nilai nominal, bersama dengan utang bunga dalam hal terjadinya perubahan tertentu terhadap perpajakan di Indonesia.
- Pembatasan yang dipersyaratkan antara lain: pembatasan atas hak-hak gadai, pembatasan atas transaksi penjualan dan sewa kembali dan penyampaian laporan keuangan dan laporan lainnya.
- Perusahaan memenuhi pembatasan-pembatasan yang ditentukan dalam perjanjian dengan Wali Amanat.
- Dana yang diperoleh dari penerbitan obligasi senior ini digunakan untuk mendanai sebagian kebutuhan investasi akuisisi blok baru, pengembangan lapangan yang sudah ada, pembelian *rig* dan pembangunan *tanker*.

Pada tahun 2017, Perusahaan melakukan pembelian kembali sebagian obligasi senior sejumlah Nihil (2016: US\$152.500).

20. BONDS PAYABLE (continued)

The Indenture stipulates that:

- *No later than 30 days following the occurrence of an event in which the Government of Indonesia ceases to own, directly or indirectly, more than 50% of the voting securities of the Company (Change of Control Triggering Event), the Company may be required to make an offer to repurchase all senior notes outstanding at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to the date of repurchase. The senior notes are subject to redemption in whole, at 100% of their principal amount, together with any accrued interest, at the option of the Company at a certain time in the event of certain changes affecting Indonesian taxation.*
- *Certain covenants include among others: limitation on liens, limitation on sale and lease back transactions and provision of financial statements and other reports.*
- *The Company complied with the restrictions specified within the agreements with the Trustee.*
- *The proceeds from senior notes issued were used to partially fund the capital expenditure requirements in the acquisition of new blocks, development of existing blocks, rig purchase and tanker building.*

During 2017, the Company partially repurchased senior notes amounting to Nil (2016: US\$152,500).

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21. LIABILITAS IMBALAN KERJA KARYAWAN

a. Program imbalan pascakerja dan imbalan kerja jangka panjang lainnya

Perusahaan dan Entitas Anak tertentu menyelenggarakan program imbalan pascakerja dan imbalan kerja jangka panjang lainnya sebagai berikut:

1. Program imbalan pascakerja

(i) Program imbalan pasti dikelola Dana Pensiun Pertamina

Perusahaan dan entitas anak tertentu telah menerima persetujuan Menteri Keuangan Republik Indonesia dalam Surat Pengesahan No. S-190/MK.6/1977 tanggal 15 Juli 1977 untuk mendirikan dana pensiun terpisah, Dana Pensiun Pertamina, dimana seluruh pekerja, setelah memenuhi periode bakti tertentu, berhak atas imbalan pasti saat pensiun, cacat atau kematian, serta imbalan kesehatan pascakerja. Program Pensiun Manfaat Pasti ("PPMP") ini berlaku bagi pekerja yang direkrut sebelum tahun 2005.

(ii) Tunjangan kesehatan pascakerja

Tunjangan kesehatan pascakerja meliputi para pensiunan Perusahaan dan pasangannya yang telah menyelesaikan masa kerja minimum 15 tahun dan usia minimum 46 tahun

(iii) Penghargaan atas pengabdian ("PAP")

Manfaat PAP terdiri dari imbalan tambahan yang diberikan pada saat karyawan memasuki usia pensiun dan dalam hal mengalami cacat tetap, meninggal, atau mengundurkan diri secara sukarela.

2. Program imbalan kerja jangka panjang lainnya

Perusahaan memberikan imbalan kerja jangka panjang lainnya dalam bentuk tunjangan Masa Persiapan Purnakarya ("MPPK"), biaya pemulangan, tunjangan cuti, Program Asuransi Mandiri Guna I dan ulang tahun dinas, kecuali untuk program asuransi.

21. EMPLOYEE BENEFITS LIABILITIES

a. Post-employment benefit plans and other long-term employee benefits

The Company and certain Subsidiaries have post-employment benefit plans and provide other long-term employee benefits as follows:

1. Post-employment benefit plans

(i) Defined benefit plan managed by Dana Pensiun Pertamina

The Company and certain Subsidiaries received approval from the Minister of Finance of the Republic of Indonesia in Decision Letter No. S-190/MK.6/1977 dated July 15, 1977 to establish a separate pension fund, Dana Pensiun Pertamina, from which all employees, after serving a qualifying period, are entitled to defined benefits upon retirement, disability or death, and also post-employment medical benefits. The Defined Benefit Plans ("PPMP") cover employees who were hired before year 2005.

(ii) Post-retirement healthcare benefits

The post-retirement healthcare benefits involve the Company's retired employees and their spouses that had minimum 15 years of services and minimum 46 years old.

(iii) Severance and service pay ("PAP")

PAP benefits consist of additional benefits for employees to which they are entitled when they enter the pension age and in the event of permanent disability, death, or voluntary resignation.

2. Other long-term employee benefits plan

The Company provides other long-term employee benefits in the form of pre-retirement benefits ("MPPK"), repatriation costs, annual leave, the Mandiri Guna I Insurance Program and service anniversaries, except for the insurance program benefit.

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**21. LIABILITAS IMBALAN KERJA KARYAWAN
(lanjutan)**

**a. Program imbalan pascakerja dan imbalan
kerja jangka panjang lainnya (lanjutan)**

3. Program Tabungan Pekerja

Perusahaan dan Entitas Anak tertentu (keseluruhannya disebut Peserta) menyelenggarakan program Tabungan Pekerja ("TP") berupa program iuran pasti dan yang akan diterima oleh pekerja pada saat masa kerjanya berakhir. Hingga tahun buku 2015, seluruh iuran dikelola oleh PT Pertamina Dana Ventura. Efektif per tanggal 28 Oktober 2016, PT Pertamina Dana Ventura membuat keputusan melakukan restrukturisasi dan tidak lagi melakukan kegiatan usaha sebagai Perusahaan Modal Ventura sehingga seluruh dana yang tersedia dialihkelolakan kepada Dana Pensiun Lembaga Keuangan ("DPLK").

b. Provisi imbalan kerja karyawan

Taksiran kewajiban imbalan kerja Perusahaan dan sebagian besar entitas anaknya per tanggal-tanggal 31 Desember 2017 dan 2016 dihitung berdasarkan laporan penilaian dari aktuaris independen, PT Dayamandiri Dharmakonsilindo, masing-masing tanggal 25 Januari 2018 dan 25 Januari 2017. Tabel berikut ini menyajikan ikhtisar kewajiban imbalan kerja sebagaimana tercatat pada laporan posisi keuangan konsolidasian:

	<u>2017</u>	<u>2016</u>
Perusahaan:		
Pensiun dan imbalan pascakerja lainnya:		
- PPMP	200.990	142.326
- Tunjangan kesehatan pascakerja	924.654	832.487
- PAP	900.396	922.194
- Biaya pemulangan	8.480	8.230
Sub jumlah	<u>2.034.520</u>	<u>1.905.237</u>
Imbalan kerja jangka panjang lainnya:		
- MPPK	129.278	114.778
- Tunjangan cuti dan ulang tahun dinas	16.063	12.843
Sub jumlah	<u>145.341</u>	<u>127.621</u>
Jumlah - Perusahaan	<u>2.179.861</u>	<u>2.032.858</u>
Entitas Anak:		
Pensiun dan imbalan pascakerja lainnya	179.636	133.283
Jumlah konsolidasian	<u>2.359.497</u>	<u>2.166.141</u>
Bagian jangka pendek (Catatan 18)	<u>(260.010)</u>	<u>(202.392)</u>
Bagian jangka panjang	<u>2.099.487</u>	<u>1.963.749</u>

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21. EMPLOYEE BENEFITS LIABILITIES (continued)

**a. Post-employment benefit plans and other
long-term employee benefits (continued)**

3. Employees' Saving Plan

The Company and certain Subsidiaries (collectively referred to as the Participants) operate an Employees' Saving Plan ("TP") in the form of a defined contribution plan, in which the saving will be received by employees at the end of their service period. Until the fiscal year 2015, all contributions made are managed by PT Pertamina Dana Ventura. Effective on October 28, 2016, PT Pertamina Dana Ventura made a decision to restructure and it is no longer in business activities as a venture capital company so that all of available funds are transferred by management to Pension Fund ("DPLK").

b. Provision for employee benefits

The estimated employee benefits obligations of the Company and most of its Subsidiaries as of December 31, 2017 and 2016, were determined based on the valuation reports of an independent actuary, PT Dayamandiri Dharmakonsilindo, dated January 25, 2018 and January 25, 2017, respectively. The table below presents a summary of the employee benefits obligations reported in the consolidated statements of financial position:

The Company:
Pension and other post employment benefits:
PPMP -
Post-retirement healthcare benefits -
PAP -
Repatriation costs -
Sub-total
Other long-term employee benefits:
MPPK -
Annual leave and service anniversary -
Sub-total
Total - Company
Subsidiaries:
Pension and other post-employment benefits
Total consolidated
Current portion (Note 18)
Non-current portion

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**21. LIABILITAS IMBALAN KERJA KARYAWAN
(lanjutan)**

**c. Perubahan nilai kini dari liabilitas imbalan
kerja dan aset program**

Tabel berikut ini merangkum komponen biaya manfaat bersih yang diakui dalam laporan laba rugi dan pendapatan komprehensif lainnya dan status pendanaan serta jumlah yang diakui dalam laporan posisi keuangan untuk masing-masing manfaat untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2017 dan 2016 sebagai berikut:

(i) Liabilitas imbalan pascakerja

	PPMP		Liabilitas imbalan pascakerja/ Post-employment benefit obligations	Tunjangan kesehatan pascakerja/ Post-retirement healthcare benefits	PAP/ PAP	Biaya pemulangan/ Repatriation Cost	Jumlah/ Total	
	Nilai kini Imbalan paska kerja/ Present value of post-employment benefits obligations	Nilai wajar aset program/ Fair value of plan asset						
Saldo awal	735.775	(593.449)	142.326	832.487	922.194	8.230	1.905.237	Beginning balance
Biaya jasa kini (iuran Karyawan)	3.569	(1.266)	2.303	16.809	45.431	534	65.077	Current service cost (Contribution from employee)
Biaya jasa lalu	-	-	-	-	-	-	-	Past service cost
Beban bunga (pendapatan bunga)	60.762	(50.168)	10.594	72.036	67.105	654	150.389	Interest expense (Interest income)
Sub- jumlah yang diakui dalam laporan laba-rugi	64.331	(51.434)	12.897	88.845	112.536	1.188	215.466	Sub-total amounts recognized in profit or loss
Kerugian (keuntungan) aktuarial atas: Perubahan asumsi keuangan	80.080	22.798	102.878	166.048	76.914	836	346.676	Actuarial (gain) loss arising from: Changes in financial assumptions
Penyesuaian historis	(18.440)	-	(18.440)	(120.215)	(35.473)	(1.111)	(175.239)	Experience adjustments
Sub-jumlah biaya (penghasilan) diakui dalam penghasilan komprehensif lain	61.640	22.798	84.438	45.833	41.441	(275)	171.437	Sub-total Expense (income) recognized in other comprehensive income
Pembayaran imbalan dari aset program	(64.177)	64.177	-	-	-	-	-	Benefits paid from plan asset
Pembayaran imbalan oleh Perusahaan	-	-	-	(34.417)	(168.325)	(590)	(203.332)	Benefit paid by The Company
luran perusahaan	-	(36.763)	(36.763)	-	-	-	(36.763)	Contribution to plan by the Company
Kerugian selisih kurs	(6.829)	4.921	(1.908)	(8.094)	(7.450)	(73)	(17.525)	Loss on foreign currency exchange
Saldo akhir	790.740	(589.750)	200.990	924.654	900.396	8.480	2.034.520	Ending balance

21. EMPLOYEE BENEFITS LIABILITIES (continued)

c. Changes in present value of post-employment benefit obligations and fair value of plan assets

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and other comprehensive income and the funded status and amounts recognised in the statement of financial position for the respective plans for the years ended Desember 31, 2017 and 2016 are as follows:

(i) Post-employment benefit obligations

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**21. LIABILITAS IMBALAN KERJA KARYAWAN
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**c. Perubahan nilai kini dari liabilitas imbalan
kerja dan aset program (lanjutan)**

(i) Liabilitas imbalan pascakerja (lanjutan)

21. EMPLOYEE BENEFITS LIABILITIES (continued)

**c. Changes in present value of post-
employment benefit obligations and fair value
of plan assets (continued)**

**(i) Post-employment benefit obligations
(continued)**

	2016							
	PPMP		Liabilitas imbalan pascakerja/ Post- employment benefit obligations	Tunjangan kesehatan pascakerja/ Post- retirement healthcare benefits	PAP/ PAP	Biaya pemulangan/ Repatriation Cost	Jumlah/ Total	
Nilai kini imbalan paska kerja/ Present value of post- employment benefits obligations	Nilai wajar aset program/ Fair value of plan asset							
Saldo awal	702.452	(608.993)	93.459	719.791	902.089	8.824	1.724.163	Beginning balance
Biaya jasa kini (iuran Yang dibayarkan Karyawan)	4.230	(1.418)	2.812	11.680	45.288	502	60.282	Current service cost (Contribution from employee)
Biaya jasa lalu	-	-	-	-	-	-	-	Past service cost
Beban bunga (pendapatan bunga)	64.279	(55.627)	8.652	68.355	77.516	745	155.268	Interest expense (Interest income)
Sub-jumlah yang diakui dalam laporan laba-rugi	68.509	(57.045)	11.464	80.035	122.804	1.247	215.550	Sub-total amounts recognized in profit or loss
Kerugian (keuntungan) aktuarial atas: Perubahan asumsi keuangan	15.564	28.927	44.491	(4.004)	39.711	424	80.622	Actuarial (gain) loss arising from: Changes in financial assumptions
Penyesuaian historis	(5.470)	-	(5.470)	45.508	(10.510)	(1.953)	27.575	Experience adjustments
Sub-jumlah biaya (penghasilan) diakui dalam penghasilan komprehensif lain	10.094	28.927	39.021	41.504	29.201	(1.529)	108.197	Sub-total Expense (income) recognized in other comprehensive income
Pembayaran imbalan dari asset program	(63.909)	63.909	-	-	-	-	-	Benefits paid from plan asset
Pembayaran imbalan oleh Perusahaan	-	-	-	(27.171)	(156.042)	(555)	(183.768)	Benefit paid by The Company
Iuran perusahaan	-	(3.667)	(3.667)	-	-	-	(3.667)	Contribution to plan by the Company
Kerugian selisih kurs	18.629	(16.580)	2.049	18.328	24.142	243	44.762	Loss on foreign currency exchange
Saldo akhir	735.775	(593.449)	142.326	832.487	922.194	8.230	1.905.237	Ending balance

Atas status yang belum didanai pada Program Pensiun Manfaat Pasti ("PPMP") akan diselesaikan/ dibayarkan oleh Perusahaan sesuai dengan peraturan yang berlaku.

Tingkat pengembalian aktual aset program pada tanggal 31 Desember 2017 adalah US\$27.369 (2016: US\$26.700).

On the status of unfunded Defined Benefit Pension Plan ("PPMP") will be settled/ paid by the Company in accordance with applicable regulations.

The actual return on plan assets as of December 31, 2017 amounted to US\$27,369 (2016: US\$26,700).

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**c. Perubahan nilai kini dari liabilitas imbalan
kerja dan aset program (lanjutan)**

(ii) imbalan kerja jangka panjang lainnya

21. EMPLOYEE BENEFITS LIABILITIES (continued)

**c. Changes in present value of post-
employment benefit obligations and fair
value of plan assets (continued)**

**(ii) Changes in present value of other long-
term employee benefit obligations**

2017				
	MPPK	Tunjangan cuti dan uang tahun dinas/Annual leave and service anniversary	Jumlah/ Total	
Saldo awal	114.778	12.843	127.621	<i>Beginning balance</i>
Biaya jasa kini	6.573	7.039	13.612	<i>Current service cost</i>
Biaya jasa lalu	-	-	-	<i>Past service cost</i>
Bunga neto	8.828	817	9.645	<i>Interest cost</i>
Kerugian aktuarial	4.604	864	5.468	<i>Actuarial loss</i>
Sub-jumlah yang diakui dalam laporan laba-rugi	20.005	8.720	28.725	<i>Sub-total amounts recognized in profit or loss</i>
Pembayaran imbalan oleh perusahaan	(4.367)	(5.353)	(9.720)	<i>Benefits paid by the Company</i>
Keuntungan selisih kurs	(1.138)	(147)	(1.285)	<i>Gain on foreign currency exchange</i>
Saldo akhir	129.278	16.063	145.341	<i>Ending balance</i>
2016				
	MPPK	Tunjangan cuti dan uang tahun dinas/Annual leave and service anniversary	Jumlah/ Total	
Saldo awal	114.591	13.042	127.633	<i>Beginning balance</i>
Biaya jasa kini	5.906	5.980	11.886	<i>Current service cost</i>
Biaya jasa lalu	(304)	(49)	(353)	<i>Past service cost</i>
Bunga neto	9.699	969	10.668	<i>Interest cost</i>
Kerugian (keuntungan) aktuarial	2.647	(2.348)	299	<i>Actuarial (gain) loss</i>
Jumlah yang diakui dalam laporan laba-rugi	17.948	4.552	22.500	<i>Total amounts recognized in profit or loss</i>
Pembayaran imbalan oleh Perusahaan	(20.850)	(5.106)	(25.956)	<i>Benefits paid by the Company</i>
Kerugian selisih kurs	3.089	355	3.444	<i>Loss on foreign currency exchange</i>
Saldo akhir	114.778	12.843	127.621	<i>Ending balance</i>

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**21. LIABILITAS IMBALAN KERJA KARYAWAN
(lanjutan)**

d. Asumsi-asumsi aktuarial

Asumsi-asumsi aktuarial signifikan yang diterapkan dalam perhitungan liabilitas imbalan pascakerja dan imbalan kerja jangka panjang lainnya untuk Perusahaan adalah sebagai berikut:

	2017	2016
Tingkat diskonto:		
- Program imbalan pasti dikelola oleh Dana Pensiun Pertamina	7,76% per tahun/annum	8,61% per tahun/annum
- PAP	6,44% per tahun/annum	7,85% per tahun/annum
- Tunjangan kesehatan pascakerja	7,76% per tahun/annum	8,78% per tahun/annum
- Biaya pemulangan	7,26% per tahun/annum	8,57% per tahun/annum
- MPPK	7,07% per tahun/annum	8,34% per tahun/annum
- Tunjangan cuti	6,35% per tahun/annum	7,81% per tahun/annum
- Ulang tahun dinas	7,07% per tahun/annum	8,50% per tahun/annum
Tingkat inflasi	6,00% per tahun/annum	6,00% per tahun/annum
Kenaikan gaji:	9,50% per tahun/annum	9,50% per tahun/annum
Tren biaya kesehatan tahunan:	8,00% per tahun untuk seterusnya/per annum afterwards	8,00% per tahun untuk seterusnya/per annum afterwards
Faktor demografis:		
- Tingkat kematian:	Tabel Mortalita Indonesia 3-2011 ("TMI 3" 2011)	Tabel Mortalita Indonesia 3-2011 ("TMI 3" 2011)
- Tingkat cacat:	0,75% TMI 3	0,75% TMI 3
- Pengunduran diri:		
Sampai usia 25 (per tahun)	10%	10%
Usia 26 - 25 (per tahun)	berkurang secara linear ke 1% di usia 45 dan setelahnya/ reducing linearly to 1% at age 45% and thereafter	berkurang secara linear ke 1% di usia 45 dan setelahnya/ reducing linearly to 1% at age 45% and thereafter
- Pensiun:	100% pada usia pensiun normal/ 100% at normal retirement age	100% pada usia pensiun normal/ 100% at normal retirement age
Usia pensiun normal	56 tahun/years	56 tahun/years
Biaya operasional program pensiun:	8% dari biaya jasa dan 2,11% dari pembayaran manfaat/ 8% of service cost and 2.11% of benefit payments	8% dari biaya jasa dan 3,5% dari pembayaran manfaat/ 8% of service cost and 3.5% of benefit payments

21. EMPLOYEE BENEFITS LIABILITIES (continued)

d. Actuarial assumptions

Significant actuarial assumptions applied in the calculation of post-employment benefit obligations and other long-term employment benefits for the Company are as follows:

Discount rate:
Defined benefits plan administered - by Dana Pensiun Pertamina
Annual leave - Post-retirement healthcare - benefits
Repatriation cost - MPPK - Annual leave - services anniversary - Inflation rate
Salary increases: Annual medical expense trend:
Demographic factors: Mortality:-
Disability:- Resignation:-
Pension:-
Normal retirement age Operational costs of the pension plan:

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**21. LIABILITAS IMBALAN KERJA KARYAWAN
(lanjutan)**

d. Asumsi-asumsi aktuarial (lanjutan)

Komposisi investasi aset program terdiri dari:

	2017	
	Nilai investasi/ Investment value	%
Instrumen ekuitas	171.028	29%
Instrumen utang	247.694	42%
Lain-lain	171.028	29%
Jumlah	589.750	100%

Hasil yang diharapkan dari aset program ditentukan dengan mempertimbangkan imbalan hasil yang diharapkan atas aset yang mengacu pada kebijakan investasi. Hasil investasi bunga tetap didasarkan pada hasil pengembalian bruto pada tanggal pelaporan. Hasil yang diharapkan dari investasi ekuitas dan properti mencerminkan tingkat imbal hasil jangka panjang aktual yang terjadi untuk setiap pasar.

Kontribusi yang diharapkan untuk program imbalan pascakerja untuk tahun yang berakhir pada tanggal 31 Desember 2017 adalah US\$5.371 (2016: US\$5.416).

Analisis sensitivitas kualitatif untuk asumsi-asumsi yang signifikan pada tanggal 31 Desember 2017 adalah sebagai berikut:

	Kenaikan tingkat diskonto 1%/1% increase in discount rate
Dampak terhadap liabilitas imbalan pasti - naik (turun)	(265.479)
	Kenaikan tingkat upah 1%/1% increase in salary rate
Dampak terhadap liabilitas imbalan pasti - naik (turun)	68.949
	Kenaikan tingkat tren biaya kesehatan 1%/1% 1% increase in healthcare cost trend rate
Dampak terhadap liabilitas imbalan pasti - naik (turun)	182.840

21. EMPLOYEE BENEFITS LIABILITIES (continued)

d. Actuarial assumptions (continued)

Investment portfolio of plan assets comprises the following:

	2016	
	Nilai investasi/ Investment value	%
Instrumen ekuitas	190.834	32%
Instrumen utang	256.397	43%
Lain-lain	146.218	25%
Jumlah	593.449	100%

The expected return on plan assets is determined by considering the expected returns from the assets based on current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as of the reporting date. Expected returns on equity and investment properties reflect long-term real rates of return experienced in the respective markets.

Expected contributions to post-employment benefit plans for the year ended December 31, 2017 amounted to US\$5,371 (2016: US\$5,416).

The qualitative sensitivity analysis for significant assumptions as of December 31, 2017 is as follows:

	Penurunan tingkat diskonto 1%/1% decrease in discount rate
Dampak terhadap liabilitas imbalan pasti - naik (turun)	332.636
	Penurunan tingkat upah 1%/1% 1% decrease in salary rate
Dampak terhadap liabilitas imbalan pasti - naik (turun)	(79.723)
	Penurunan tren biaya kesehatan 1%/1% decrease in healthcare cost trend rate
Dampak terhadap liabilitas imbalan pasti - naik (turun)	(139.348)

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**21. LIABILITAS IMBALAN KERJA KARYAWAN
(lanjutan)**

Durasi rata-rata tahun liabilitas manfaat pascakerja di akhir periode pelaporan Perusahaan adalah sebagai berikut:

	<u>2017</u>
PPMP	15,38
PAP	6,71
Tunjangan kesehatan pascakerja	25,57

Jadwal jatuh tempo dari program imbalan pascakerja pada tanggal-tanggal 31 Desember 2017 dan 2016 adalah sebagai berikut:

	<u>2017</u>
Dalam 1 tahun	291.079
2 - 5 tahun	903.342
Lebih dari 5 tahun	23.312.066
Jumlah	<u>24.506.487</u>

Manajemen berkeyakinan bahwa perkiraan liabilitas dari imbalan kerja karyawan yang diberikan dari keseluruhan program pensiun Grup, yang didasarkan pada estimasi perhitungan aktuaris, telah melebihi kewajiban minimal yang ditentukan oleh Undang-Undang Ketenagakerjaan No. 13/2003.

22. PROVISI PEMBONGKARAN DAN RESTORASI

Mutasi provisi pembongkaran dan restorasi adalah sebagai berikut:

	<u>2017</u>
Saldo awal	1.824.155
Penambahan (pengurangan)	167.589
Biaya akresi (Catatan 37)	48.353
Saldo akhir	<u>2.040.097</u>

Penambahan (pengurangan) disebabkan karena perubahan estimasi pembongkaran dan restorasi yang diterapkan oleh Grup.

23. KEPENTINGAN NONPENGENDALI

	<u>2017</u>
PT Pertamina Internasional Eksplorasi dan Produksi	263.376
PT Elnusa Tbk.	132.956
PT Tugu Pratama Indonesia	108.797
Pertamina International Timor S.A.	1.086
Jumlah	<u>506.215</u>

21. EMPLOYEE BENEFITS LIABILITIES (continued)

The average duration years of the Company's defined benefits plan obligation at the end of the reporting period are as follows:

	<u>2016</u>	
	15,91	PPMP
	5,70	PAP
	20,49	Post-retirement healthcare benefits

The maturity profile of post-employment benefits obligation as of December 31, 2017 and 2016 are as follows:

	<u>2016</u>	
	262.536	Within 1 year
	880.889	2 - 5 years
	16.725.042	More than 5 years
Jumlah	<u>17.868.467</u>	Total

Management believes that the estimated liabilities for employee benefits from all of the Group's pension programs, based on the estimated calculation provided by the actuaries, exceed the minimum liability that is required by Labour Law No. 13/2003.

22. PROVISION FOR DECOMMISSIONING AND SITE RESTORATION

The movements in the provision for decommissioning and site restoration are as follows:

	<u>2016</u>	
	1.925.585	Beginning balance
	(180.901)	Addition (deduction)
	79.471	Accretion expense (Note 37)
Saldo akhir	<u>1.824.155</u>	Ending balance

The addition (deduction) mainly represents the changes in estimate in decommissioning and site restoration which applied by the Group.

23. NON-CONTROLLING INTERESTS

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The original consolidated financial statements included herein
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**24. MODAL SAHAM, UANG MUKA SETORAN
MODAL DAN TAMBAHAN MODAL DISETOR**

**I. Modal disetor dan uang muka setoran
modal**

Sesuai Akta Notaris No. 20 tanggal 17 September 2003 oleh Lenny Janis Ishak, S.H., dan keputusan Menteri Keuangan melalui Surat Keputusan No. 408/KMK.02/2003 (KMK 408) tanggal 16 September 2003, jumlah modal dasar Perusahaan sebesar Rp200.000.000 juta yang terdiri dari 200.000.000 saham biasa dengan nilai nominal Rp1.000.000 (nilai penuh) per saham dimana jumlah modal yang ditempatkan sebesar Rp100.000.000 juta dan telah disetor oleh Pemerintah Republik Indonesia melalui pengalihan kekayaan tertentu dari Pertamina Lama termasuk Entitas Anak dan Ventura Bersamanya.

Berdasarkan Surat Keputusan Menteri Keuangan No. 23/KMK.06/2008 pada tanggal 30 Januari 2008, tentang Penetapan Neraca Pembukaan PT Pertamina (Persero) pada tanggal 17 September 2003, jumlah penyertaan modal Pemerintah dalam Perusahaan ditetapkan sebesar Rp82.569.779 juta. Nilai ini terdiri dari seluruh aset dan liabilitas neto Pertamina Lama tidak termasuk aset pabrik LNG yang dikelola oleh PT Badak Natural Gas Liquefaction dan PT Arun Natural Gas Liquefaction, aset hulu eks kontrak yang saat ini dikelola oleh PT Pertamina EP dan aset berupa tanah dan bangunan tertentu.

Perubahan modal ditempatkan dan disetor Perusahaan dari Rp100.000.000 juta menjadi Rp82.569.779 juta (setara dengan US\$9.809.882) telah disetujui dalam Rapat Umum Pemegang Saham tanggal 15 Juni 2009 dan didokumentasikan dengan Akta Notaris No. 11 dari Lenny Janis Ishak, S.H. Perubahan tersebut telah diaktakan dengan Akta Notaris No. 4 tanggal 14 Juli 2009 oleh Lenny Janis Ishak, S.H. dan disetujui oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dengan Surat Keputusan No. AHU-45429.AH.01.02.Tahun 2009 tanggal 14 September 2009. Pengurangan modal saham Perusahaan yang diterbitkan dan disetor berlaku surut sejak tanggal 17 September 2003.

**24. SHARE CAPITAL, ADVANCE FOR SHARE
ISSUANCE AND ADDITIONAL PAID-IN CAPITAL**

**I. Share capital and advance for share
issuance**

In accordance with Notarial Deed No. 20 dated September 17, 2003 of Lenny Janis Ishak, S.H., and the decision of the Minister of Finance through Decision Letter No. 408/KMK.02/2003 (KMK 408) dated September 16, 2003, the Company's authorized capital amounted to Rp200,000,000 million, which consists of 200,000,000 ordinary shares with a par value of Rp1,000,000 (full amount) per share of which Rp100,000,000 million has been issued and paid by the Government of the Republic of Indonesia through the transfer of identified net assets from the former Pertamina Entity, including its Subsidiaries and its Joint Ventures.

Based on the Minister of Finance's Decision Letter No. 23/KMK.06/2008 dated January 30, 2008, regarding the Determination of the Opening Balance Sheet of PT Pertamina (Persero) as of September 17, 2003, the total amount of the Government's equity ownership in the Company is Rp82,569,779 million. This amount consists of all of the former Pertamina Entity's net assets and net liabilities excluding LNG plants operated by PT Badak Natural Gas Liquefaction and PT Arun Natural Gas Liquefaction, former upstream assets currently operated by PT Pertamina EP, and certain parcels of land and building assets.

The changes in the Company's issued and paid-up share capital from Rp100,000,000 million to Rp82,569,779 million (equivalent to US\$9,809,882) were approved at a General Shareholder's Meeting held on June 15, 2009 and was documented in Notarial Deed No. 11 of Lenny Janis Ishak, S.H. The amendment was documented by Notarial Deed No. 4 dated July 14, 2009 of Lenny Janis Ishak, S.H. and approved by the Minister of Law and Human Rights of the Republic of Indonesia in Decision Letter No. AHU-45429.AH.01.02.Tahun 2009 dated September 14, 2009. The reduction in the Company's issued and paid-up share capital is effective retrospectively as of September 17, 2003.

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**24. MODAL SAHAM, UANG MUKA SETORAN
MODAL DAN TAMBAHAN MODAL DISETOR
(lanjutan)**

I. Modal disetor dan uang muka setoran modal (lanjutan)

Pada tanggal 1 Agustus 2012 terjadi penambahan penyertaan modal saham yang didokumentasikan dengan Akta Notaris No. 1 dari Lenny Janis Ishak, S.H. sebesar Rp520.918 juta (nilai penuh) (setara dengan US\$55.019) dan berdasarkan Peraturan Pemerintah No. 13 Tahun 2012 tentang Penambahan Penyertaan Modal Negara Republik Indonesia ke Dalam Modal Saham Perusahaan Perseroan (Persero) PT Pertamina.

Berdasarkan Rapat Umum Pemegang Saham ("RUPS") tanggal 14 Desember 2015, Kementerian BUMN menyetujui permohonan kapitalisasi laba ditahan menjadi modal disetor sebesar Rp50.000.000 juta (nilai penuh) dengan jumlah lembar saham sebesar 50.000.000 lembar (setara dengan US\$3.552.146).

Uang muka setoran modal kemudian dikapitalisasi menjadi penambahan modal saham ditempatkan dan disetor melalui Akta Notaris Lenny Janis Ishak, S.H., No. 10 tanggal 11 Januari 2016.

Penambahan modal ditempatkan dan disetor tersebut telah dilaporkan kepada Menteri Hukum dan Hak Asasi Manusia Republik Indonesia sebagaimana dinyatakan dalam Surat Penerimaan Pemberitahuan Perubahan Anggaran Dasar No. AHU-AH.01.3-0003113 tanggal 15 Januari 2016.

Pada tanggal-tanggal 31 Desember 2017 dan 2016, jumlah modal Perusahaan yang ditempatkan dan disetor adalah sebagai berikut:

<u>Pemegang saham</u>	<u>Jumlah saham ditempatkan dan disetor (jumlah penuh)/ Number of issued and paid-up shares (full amount)</u>	<u>Persentase kepemilikan/ Percentage of ownership</u>	<u>Modal ditempatkan dan disetor/ Issued and paid-up share capital</u>	<u>Shareholder</u>
Pemerintah Republik Indonesia	133.090.697	100%	13.417.047	The Government of the Republic of Indonesia

**24. SHARE CAPITAL, ADVANCE FOR SHARE
ISSUANCE AND ADDITIONAL PAID-IN CAPITAL
(continued)**

I. Share capital and advance for share issuance (continued)

As of August 1, 2012, there were additional share capital contributions documented in Notarial Deed No. 1 of Lenny Janis Ishak, S.H. in the amount of Rp520,918 million (full amount) (equivalent to US\$55,019) and based on Government Regulation No. 13 Year 2012 regarding the Addition to the Government's Capital Contribution to Share Capital of State Enterprise (Persero) PT Pertamina.

Based on the General Meeting of Shareholders ("GMS") dated December 14, 2015, the Ministry of State-Owned Enterprises approved the capitalization of retained earnings into share capital amounting to Rp50,000,000 million (full amount) with 50,000,000 shares (equivalent to US\$3,552,146).

Subsequently, advances for share issuance was capitalized as an addition to issued and paid-up share capital through Notarial Deed No. 10 dated January 11, 2016 of Lenny Janis Ishak, S.H.

The additional issued and paid-up share capital was reported to the Minister of Law and Human Rights through Receipt of Notification regarding the Amendment of Articles of Association No. AHU-AH.01.3-0003113 dated January 15, 2016.

As of December 31, 2017 and 2016, the Company's issued and paid-up share capital were as follows:

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The original consolidated financial statements included herein
are in the Indonesian language.

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**24. MODAL SAHAM, UANG MUKA SETORAN
MODAL DAN TAMBAHAN MODAL DISETOR
(lanjutan)**

II. Tambahan modal disetor

Tambahan modal disetor pada tanggal 31 Desember 2017 dan 2016 merupakan dampak penerapan PSAK 38, Kombinasi Bisnis Entitas Sepengendali (Revisi 2012), untuk mencatat selisih antara imbalan yang diterima/dialihkan dan jumlah tercatat.

**25. BANTUAN PEMERINTAH YANG BELUM
DITENTUKAN STATUSNYA**

Berdasarkan Berita Acara Serah Terima Operasional ("BASTO") No. 05/BA/MKS-HND/XII/2011, No. AU/14525/KEU.1227/XII/2011, No. BA-084/F100000/2011-S3 dan BASTO No. 005/F00000/2012-S0, No. BA.125 Tahun 2012, No. 0573/B3/KOBU/IV/2012 dari Kementerian Perhubungan, Perusahaan telah mendapatkan hak pengelolaan dan operasional atas aset Instalasi *Refuelling Apron* di Bandara Sultan Hasanuddin-Makassar dan *Fuel Hydrant Facilities* di Bandara Juanda-Surabaya, sehingga saldo akun ini menjadi Rp12.453 juta (nilai penuh) (setara dengan US\$1.361).

26. SALDO LABA DAN DIVIDEN INTERIM

I. Rapat Umum Pemegang Saham ("RUPS")

Pada tanggal 31 Mei 2016, Perusahaan menyelenggarakan RUPS untuk tahun buku 2015. Berdasarkan notulen rapat, pemegang saham menetapkan antara lain penggunaan laba neto Perusahaan tahun buku 2015 sebagai berikut:

- Pembagian dividen sebesar Rp6.800.000 juta (setara dengan US\$499.449);
- Sisanya sebesar US\$920.771 digunakan sebagai cadangan untuk mendukung kegiatan operasional dan pengembangan.

Pada tanggal 16 Maret 2017, Perusahaan menyelenggarakan RUPS untuk tahun buku 2016. Berdasarkan notulen rapat, pemegang saham menetapkan antara lain penggunaan laba neto Perusahaan tahun buku 2016 sebagai berikut:

- Pembagian dividen sebesar Rp12.103.431 juta (setara dengan US\$907.383)
- Sisanya sebesar US\$2.239.660 digunakan sebagai cadangan untuk mendukung kegiatan operasional dan pengembangan.

**24. SHARE CAPITAL, ADVANCE FOR SHARE
ISSUANCE AND ADDITIONAL PAID-IN CAPITAL
(continued)**

II. Additional paid-in capital

The additional paid-in capital as of December 31, 2017 and 2016 is the effect of application of SFAS 38, Business Combinations between Entities Under Common Control (Revised 2012), to recognize the difference between the consideration received/transferred and the amount recorded.

**25. GOVERNMENT CONTRIBUTED ASSETS
PENDING FINAL CLARIFICATION OF STATUS**

Based on Memorandum of Operational Acceptances ("MOACs") No. 05/BA/MKS-HND/XII/2011, No. AU/14525/KEU.1227/XII/2011, No. BA-084/F100000/2011-S3 and MOACs No. 005/F00000/2012-S0, No. BA.125 Tahun 2012, No. 0573/B3/KOBU/IV/2012 from the Ministry of Transportation, the Company obtained management and operation rights of *Refuelling Apron Installation* at Sultan Hasanuddin Airport-Makassar and *Fuel Hydrant Facilities* at Juanda Airport-Surabaya, resulting in the balance of this account of Rp12,453 million (full amount) (equivalent to US\$1,361).

26. RETAINED EARNINGS AND INTERIM DIVIDEND

I. General Meeting of Shareholders ("GMS")

On May 31, 2016, the Company held a GMS for the fiscal year 2015. Based on the minutes of meeting, the shareholder approved, among others, the utilization of 2015 net income of the Company to be as follows:

- Distribution of dividends amounting to Rp6,800,000 million (equivalent to US\$499,449);
- The remaining amount of US\$920,771 will form part of the reserve to support operations and corporate development.

On March 16, 2017, the Company held a GMS for the fiscal year 2016. Based on the minutes of meeting, the shareholder approved, among others, the utilization of 2016 net income of the Company to be as follows:

- Distribution of dividends amounting to Rp12,103,431 million (equivalent to US\$907,383)
- The remaining amount of US\$2,239,660 will form part of the reserve to support operations and corporate development.

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26. SALDO LABA DAN DIVIDEN INTERIM (lanjutan)

**I. Rapat Umum Pemegang Saham ("RUPS")
(lanjutan)**

Berdasarkan keputusan RUPS pengesahan Rencana Kerja dan Anggaran Perusahaan ("RKAP") PT Pertamina (Persero) tahun 2017, terdapat tambahan alokasi laba untuk program bina lingkungan sebesar Rp250.000 juta (setara dengan US\$18.707).

II. Dividen Interim

Pada tahun 2016, Perusahaan membayar dividen interim tahun 2016 kepada Pemerintah sebesar Rp500.000 juta (nilai penuh) (setara dengan US\$37.120) berdasarkan permintaan Surat Menteri Badan Usaha Milik Negara kepada Direktur Utama PT Pertamina (Persero) No. S-719/MBU/12/2016 tanggal 6 Desember 2016.

Pembayaran dividen interim tahun 2016 telah diakui sebagai uang muka pada tanggal 31 Desember 2016.

**26. RETAINED EARNINGS AND INTERIM DIVIDEND
(continued)**

**I. General Meeting of Shareholders ("GMS")
(continued)**

Based on the GMS decision to approve the Company Workplan and Budget ("RKAP") of the PT Pertamina (Persero) for 2017, there was an additional appropriation of retained earnings for community development program amounting Rp250,000 million (equivalent to US\$18,707).

II. Interim Dividend

In 2016, the Company paid an interim dividend for 2016 to the Government amounting to Rp500,000 million (full amount) (equivalent to US\$37,120) based on the request from the Minister of State-Owned Enterprises to the President Director through Letter No. S-719/MBU/12/2016 dated December 6, 2016.

The interim dividend payments in 2016 have been recognized as advances as of December 31, 2016.

**27. PENJUALAN DALAM NEGERI MINYAK
MENTAH, GAS BUMI, ENERGI PANAS BUMI
DAN PRODUK MINYAK**

	<u>2017</u>	<u>2016</u>
Gas bumi	2.438.993	2.440.734
Minyak mentah	400.621	202.419
Panas bumi-uap dan listrik	609.610	524.879
DMO fees-minyak mentah	684.606	355.699
Bensin Pertamina, Pertamina Plus Pertalite dan Pertadex (minyak diesel)	9.794.161	2.388.025
Minyak solar	9.388.018	8.557.555
Bensin premium	5.429.272	11.488.509
LPG, petrokimia, pelumas dan lainnya	4.407.522	3.603.020
Avtur dan Avigas	2.990.276	2.356.815
BBM industri dan <i>marine</i>	492.753	450.635
Minyak tanah	137.924	144.135
Minyak diesel industri	8.539	13.782
Jumlah	<u>36.782.295</u>	<u>32.526.207</u>

**27. DOMESTIC SALES OF CRUDE OIL, NATURAL
GAS, GEOTHERMAL ENERGY AND OIL
PRODUCTS**

Natural gas
Crude oil
Geothermal energy-steam and electricity
DMO fees-crude oil
Pertamax, Pertamina Plus Pertalite gasoline and Pertadex (diesel oil)
Automotive Diesel Oil ("ADO")
Premium gasoline
LPG, petrochemicals, lubricants and others
Avtur and Avigas
Industrial/Marine Fuel Oil ("IFO/MFO")
Kerosene
Industrial Diesel Oil ("IDO")
Total

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28. PENGANTIAN BIAYA SUBSIDI DARI PEMERINTAH	2017	2016	28. SUBSIDY REIMBURSEMENTS FROM THE GOVERNMENT
Tahun berjalan:			<i>Current year:</i>
Penggantian biaya subsidi jenis BBM tertentu (Catatan 8a)	595.206	753.250	<i>Subsidy reimbursements for certain fuel (BBM) products (Note 8a)</i>
Penggantian biaya subsidi LPG tabung 3 kg (Catatan 8b)	2.977.967	1.817.647	<i>Subsidy reimbursements for 3 kg LPG cylinders (Note 8b)</i>
Sub jumlah	3.573.173	2.570.897	<i>Sub-total</i>
Koreksi BPK atas penggantian biaya subsidi:			<i>Corrections from BPK for subsidy reimbursements:</i>
- BBM tahun 2016 (Catatan 8a)	(605)	-	<i>BBM year 2016 (Note 8a) -</i>
- LPG tahun 2016 (Catatan 8b)	(484)	-	<i>LPG year 2016 (Note 8b) -</i>
- BBM tahun 2015 (Catatan 8a)	-	(1.574)	<i>BBM year 2015 (Note 8a) -</i>
- LPG tahun 2015 (Catatan 8b)	-	(479)	<i>LPG year 2015 (Note 8b) -</i>
Sub jumlah	(1.089)	(2.053)	<i>Sub-total</i>
Jumlah	3.572.084	2.568.844	Total
Selisih yang timbul antara jumlah penggantian biaya subsidi yang telah dibukukan dengan hasil audit BPK dicatat pada periode dimana laporan hasil audit tersebut diperoleh.			<i>Any difference in subsidy reimbursement between the amount recorded in the books and the results of BPK's audit is adjusted in the period when the audit report is received.</i>
29. PENJUALAN EKSPOR MINYAK MENTAH, GAS BUMI DAN PRODUK MINYAK			29. EXPORT OF CRUDE OIL, NATURAL GAS AND OIL PRODUCTS
	2017	2016	
Produk minyak	968.882	624.030	<i>Oil products</i>
Minyak mentah	659.722	172.939	<i>Crude oil</i>
Gas bumi	245.677	171.402	<i>Natural gas</i>
Jumlah	1.874.281	968.371	Total
30. PENDAPATAN USAHA DARI OPERASI LAINNYA			30. REVENUES FROM OTHER OPERATING ACTIVITIES
	2017	2016	
Jasa penunjang hulu	156.057	113.990	<i>Upstream support services</i>
Jasa transportasi gas bumi	135.472	166.372	<i>Natural gas transportation services</i>
Jasa perkapalan	124.367	186.489	<i>Shipping services</i>
Jasa asuransi	98.870	9.311	<i>Insurance services</i>
Jasa kesehatan dan rumah sakit	85.383	71.427	<i>Health and hospital services</i>
Jasa transportasi udara	39.137	45.188	<i>Air transportation services</i>
Jasa perkantoran dan perhotelan	23.656	3.163	<i>Office and hospitality services</i>
Jasa manajemen portofolio	9.157	23.310	<i>Portfolio management services</i>
Jasa teknik dan transportasi	8.994	43.024	<i>Technical and transportation services</i>
Lain-lain	24.098	18.533	<i>Others</i>
Jumlah	705.191	680.807	Total

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31. BEBAN POKOK PENJUALAN

31. COST OF GOODS SOLD

	<u>2017</u>	<u>2016</u>	
Saldo awal persediaan produk minyak	(2.990.517)	(3.023.987)	<i>Beginning balance of oil products</i>
Penyisihan penurunan nilai persediaan produk minyak (Catatan 9)	<u>76.542</u>	<u>225.457</u>	<i>Provision for decline in value of oil products (Note 9)</i>
Sub jumlah	<u>(2.913.975)</u>	<u>(2.798.530)</u>	<i>Sub-total</i>
Beban produksi:			<i>Production costs:</i>
- Bahan baku	(13.384.726)	(10.837.051)	<i>Direct materials -</i>
- Bahan pembantu	(879.291)	(619.075)	<i>Supporting materials -</i>
- Sewa	(661.556)	(668.039)	<i>Rent -</i>
- Penyusutan (Catatan 12)	(533.492)	(484.376)	<i>Depreciation (Note 12) -</i>
- Gaji, upah dan tunjangan karyawan lainnya	(503.547)	(440.516)	<i>Salaries, wages, and other employee benefits -</i>
- Utilitas, prasarana dan bahan bakar	(441.655)	(373.560)	<i>Utilities, infrastructure and fuel -</i>
- Bea masuk	(138.148)	(83.934)	<i>Custom and duty -</i>
- Perawatan dan perbaikan	(114.228)	(99.053)	<i>Maintenance and repairs -</i>
- Angkut dan transportasi	(112.684)	(142.499)	<i>Freight and transportation -</i>
- Material dan peralatan	(98.863)	(122.099)	<i>Materials and equipment -</i>
- Jasa profesional	(82.225)	(90.736)	<i>Professional services -</i>
- Perjalanan dinas	(15.569)	(14.935)	<i>Business travel -</i>
- Overhead	<u>(71.060)</u>	<u>(75.407)</u>	<i>Overhead -</i>
Sub jumlah	<u>(17.037.044)</u>	<u>(14.051.280)</u>	<i>Sub-total</i>
Pembelian produk minyak dan lainnya:			<i>Purchases of oil products and others:</i>
- Impor bensin premium	(3.811.785)	(3.735.652)	<i>Imports of premium gasoline -</i>
- Impor produk minyak lainnya	(7.515.863)	(3.676.290)	<i>Imports of other oil products -</i>
- Pembelian domestik produk minyak lainnya	(2.340.875)	(2.037.140)	<i>Domestic purchases of other oil products -</i>
- Impor minyak solar	(853.533)	(449.225)	<i>Imports of ADO -</i>
- Pembelian energi panas bumi	<u>(330.505)</u>	<u>(322.251)</u>	<i>Purchases of geothermal energy -</i>
Sub jumlah	<u>(14.852.561)</u>	<u>(10.220.558)</u>	<i>Sub-total</i>
Saldo akhir persediaan produk minyak	3.778.519	2.990.517	<i>Ending balance of oil products</i>
Penyisihan penurunan nilai persediaan produk minyak (Catatan 9)	<u>(92.854)</u>	<u>(76.542)</u>	<i>Provision for decline in value of oil products (Note 9)</i>
Sub jumlah	<u>3.685.665</u>	<u>2.913.975</u>	<i>Sub-total</i>
Jumlah	<u>(31.117.915)</u>	<u>(24.156.393)</u>	Total

32. BEBAN PRODUKSI HULU DAN LIFTING

32. UPSTREAM PRODUCTION AND LIFTING COSTS

	<u>2017</u>	<u>2016</u>	
Penyusutan, deplesi dan amortisasi (Catatan 13)	(1.319.598)	(1.386.576)	<i>Depreciation, depletion and amortization (Note 13)</i>
Kontrak	(533.272)	(232.545)	<i>Contracts</i>
Gaji, upah dan tunjangan karyawan lainnya	(419.525)	(439.160)	<i>Salaries, wages and other employee benefits</i>
Material	(287.612)	(232.410)	<i>Materials</i>
Mitra Kontrak Bantuan Teknis ("KBT") dan Kerja Sama Operasi ("KSO")	(136.609)	(283.400)	<i>Technical Assistance Contracts ("TAC") and Operation Cooperation ("OC") partners</i>
Amortisasi investasi blok migas (Catatan 11i)	(116.441)	(114.476)	<i>Amortization of investment in oil & gas block (Note 11i)</i>
Lain-lain	<u>(508.838)</u>	<u>(288.830)</u>	<i>Others</i>
Jumlah	<u>(3.321.895)</u>	<u>(2.977.397)</u>	Total

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33. BEBAN EKSPLORASI

	<u>2017</u>	<u>2016</u>	
Sumur kering	(74.745)	(43.256)	Dry hole
Seismik, geologi dan geofisika	(40.000)	(37.826)	Seismic, geological and geophysical
Lain-lain	(50.611)	(28.114)	Others
Jumlah	(165.356)	(109.196)	Total

33. EXPLORATION COSTS

	<u>2017</u>	<u>2016</u>	
Sumur kering	(74.745)	(43.256)	Dry hole
Seismik, geologi dan geofisika	(40.000)	(37.826)	Seismic, geological and geophysical
Lain-lain	(50.611)	(28.114)	Others
Jumlah	(165.356)	(109.196)	Total

34. BEBAN DARI AKTIVITAS OPERASI LAINNYA

	<u>2017</u>	<u>2016</u>	
Beban pokok pendapatan jasa	(538.591)	(489.060)	Cost of services
Gaji, upah dan tunjangan karyawan lainnya	(148.022)	(119.521)	Salaries, wages and other employee benefits
Penyusutan (Catatan 12)	(84.636)	(77.454)	Depreciation (Note 12)
Klaim asuransi	(68.615)	(15.212)	Insurance claims
Jumlah	(839.864)	(701.247)	Total

34. EXPENSES FROM OTHER OPERATING ACTIVITIES

	<u>2017</u>	<u>2016</u>	
Beban pokok pendapatan jasa	(538.591)	(489.060)	Cost of services
Gaji, upah dan tunjangan karyawan lainnya	(148.022)	(119.521)	Salaries, wages and other employee benefits
Penyusutan (Catatan 12)	(84.636)	(77.454)	Depreciation (Note 12)
Klaim asuransi	(68.615)	(15.212)	Insurance claims
Jumlah	(839.864)	(701.247)	Total

35. BEBAN PENJUALAN DAN PEMASARAN

	<u>2017</u>	<u>2016</u>	
Angkut dan transportasi	(519.929)	(419.518)	Freight and transportation
Gaji, upah dan tunjangan karyawan lainnya	(206.425)	(161.548)	Salaries, wage, and other employee benefits
Penyusutan (Catatan 12)	(194.810)	(198.131)	Depreciation (Note 12)
Beban pengisian tabung LPG	(132.647)	(98.384)	LPG filling fee
Jasa profesional	(53.660)	(58.428)	Professional services
Perawatan dan perbaikan	(50.597)	(53.409)	Maintenance and repairs
Pajak, retribusi dan denda	(46.201)	(48.714)	Taxes, retributions and penalties
Material dan peralatan	(45.992)	(24.930)	Materials and equipments
Sewa	(41.087)	(13.665)	Rent
Iklan dan promosi	(25.102)	(16.292)	Advertising and promotion
Perjalanan dinas	(12.483)	(10.636)	Business travel
Utilitas, prasarana dan bahan bakar	(7.712)	(7.552)	Utilities, infrastructure and fuel
Lain-lain	(16.407)	(7.957)	Others
Jumlah	(1.353.052)	(1.119.164)	Total

35. SELLING AND MARKETING EXPENSES

	<u>2017</u>	<u>2016</u>	
Angkut dan transportasi	(519.929)	(419.518)	Freight and transportation
Gaji, upah dan tunjangan karyawan lainnya	(206.425)	(161.548)	Salaries, wage, and other employee benefits
Penyusutan (Catatan 12)	(194.810)	(198.131)	Depreciation (Note 12)
Beban pengisian tabung LPG	(132.647)	(98.384)	LPG filling fee
Jasa profesional	(53.660)	(58.428)	Professional services
Perawatan dan perbaikan	(50.597)	(53.409)	Maintenance and repairs
Pajak, retribusi dan denda	(46.201)	(48.714)	Taxes, retributions and penalties
Material dan peralatan	(45.992)	(24.930)	Materials and equipments
Sewa	(41.087)	(13.665)	Rent
Iklan dan promosi	(25.102)	(16.292)	Advertising and promotion
Perjalanan dinas	(12.483)	(10.636)	Business travel
Utilitas, prasarana dan bahan bakar	(7.712)	(7.552)	Utilities, infrastructure and fuel
Lain-lain	(16.407)	(7.957)	Others
Jumlah	(1.353.052)	(1.119.164)	Total

36. BEBAN UMUM DAN ADMINISTRASI

	<u>2017</u>	<u>2016</u>	
Gaji, upah dan tunjangan karyawan lainnya	(758.444)	(600.367)	Salaries, wages and other employee benefits
Pajak, retribusi dan denda	(222.078)	(185.331)	Taxes, retributions and penalties
Jasa profesional	(98.358)	(115.806)	Professional services
Material dan peralatan	(57.910)	(52.324)	Materials and equipment
Penyusutan, deplesi dan amortisasi (Catatan 11, 12 dan 13)	(40.987)	(36.150)	Depreciation, depletion and amortization (Notes 11, 12 and 13)
Perawatan dan perbaikan	(23.602)	(19.031)	Maintenance and repairs
Perjalanan dinas	(22.693)	(15.898)	Business travel
Program Kemitraan & Bina Lingkungan	(19.282)	(26.157)	Community Development Programs
Pelatihan, pendidikan dan rekrutmen	(17.803)	(14.691)	Training, education and recruitment
Sewa	(5.202)	(37.148)	Rental
Lain-lain	(128.645)	(126.821)	Others
Jumlah	(1.395.004)	(1.229.724)	Total

36. GENERAL AND ADMINISTRATIVE EXPENSES

	<u>2017</u>	<u>2016</u>	
Gaji, upah dan tunjangan karyawan lainnya	(758.444)	(600.367)	Salaries, wages and other employee benefits
Pajak, retribusi dan denda	(222.078)	(185.331)	Taxes, retributions and penalties
Jasa profesional	(98.358)	(115.806)	Professional services
Material dan peralatan	(57.910)	(52.324)	Materials and equipment
Penyusutan, deplesi dan amortisasi (Catatan 11, 12 dan 13)	(40.987)	(36.150)	Depreciation, depletion and amortization (Notes 11, 12 and 13)
Perawatan dan perbaikan	(23.602)	(19.031)	Maintenance and repairs
Perjalanan dinas	(22.693)	(15.898)	Business travel
Program Kemitraan & Bina Lingkungan	(19.282)	(26.157)	Community Development Programs
Pelatihan, pendidikan dan rekrutmen	(17.803)	(14.691)	Training, education and recruitment
Sewa	(5.202)	(37.148)	Rental
Lain-lain	(128.645)	(126.821)	Others
Jumlah	(1.395.004)	(1.229.724)	Total

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37. PENDAPATAN DAN BEBAN KEUANGAN

37. FINANCE INCOME AND COSTS

	<u>2017</u>	<u>2016</u>	
Pendapatan keuangan:			Finance income:
Deposito berjangka	162.988	219.679	Time deposits
Jasa giro	35.797	29.165	Current accounts
Investasi lainnya	7.964	14.428	Other investments
Lain-lain	6.030	54.035	Others
Jumlah	212.779	317.307	Total
Beban keuangan:			Finance costs:
Obligasi	(349.175)	(334.214)	Bonds
Pinjaman jangka panjang	(202.974)	(183.171)	Long-term loans
Sewa pembiayaan	(58.323)	(22.162)	Finance leases
Biaya akresi (Catatan 22)	(48.353)	(79.471)	Accretion expense (Note 22)
Pinjaman jangka pendek	(8.465)	(13.900)	Short-term loans
Lain-lain	(2.820)	(4.612)	Others
Jumlah	(670.110)	(637.530)	Total

38. PENDAPATAN/(BEBAN) LAIN-LAIN

38. OTHER INCOME/(EXPENSES)

	<u>2017</u>	<u>2016</u>	
Pendapatan dari denda kontrak dan material serta klaim	39.471	77.701	Income from contract and material penalties and claims
Pendapatan Sewa	34.167	13.730	Rental income
Penyisihan penurunan nilai piutang	(49.826)	(40.129)	Provision for impairment of receivables
Penyisihan penurunan nilai aset minyak dan gas (Catatan 13)	(198.385)	(149.415)	Provision for impairment of oil and gas property (Note 13)
Pemulihan/(penurunan) nilai investasi pada blok minyak dan gas (Catatan 11)	(83.270)	114.290	Reversal/(provision) for impairment of investment in oil and gas blocks (Note 11)
Penyisihan penurunan nilai goodwill (Catatan 14)	(4.538)	(136.264)	Provision for impairment of goodwill (Note 14)
Pendapatan bunga restitusi PPh	99.577	-	Interest tax income restitution
Penyisihan kasus pajak	(621.148)	(733.074)	Provision for tax dispute
Pengembalian atas putusan banding	121.676	-	Tax refund
Penurunan nilai uang muka	-	(34.386)	Impairment of advance payment
Penurunan nilai aset tetap	(6.629)	(7.151)	Impairment of fixed assets
PPh final revaluasi aset (Catatan 39h)	(129.610)	-	Final income tax asset revaluation (Note 39h)
Penghapusan aset minyak dan gas bumi	(68.546)	-	Written off of oil and gas properties
Lain-lain - neto (masing-masing di bawah US\$5.000)	16.985	(1.949)	Others - net (each below US\$5,000)
Jumlah	(850.076)	(896.647)	Total

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39. PERPAJAKAN**a. Pajak dibayar di muka**

	<u>2017</u>	<u>2016</u>
Pajak Penghasilan Badan ("PPH")		
Perusahaan:		
Kelebihan pembayaran pajak penghasilan badan:		
- 2017	164.266	-
- 2015	-	329.143
- 2014	-	458.370
- 2013	-	122.365
- 2012	-	9.713
- 2011	-	5.066
- 2005	-	82.014
Sub-jumlah	<u>164.266</u>	<u>1.006.671</u>
Entitas anak:		
Pajak penghasilan badan dan dividen	<u>190.363</u>	<u>289.595</u>
Sub jumlah - konsolidasian	<u>354.629</u>	<u>1.296.266</u>
Pajak pertambahan nilai ("PPN")		
Perusahaan:		
- 2017	418.255	-
- 2012	-	82.353
- 2009	-	18.750
- 2007	-	124.624
Sub jumlah	<u>418.255</u>	<u>225.727</u>
Entitas anak:		
PPN yang dapat ditagihkan kembali	216.295	311.938
PPN	<u>398.956</u>	<u>202.440</u>
Sub-jumlah	615.251	514.378
Pajak lain-lain	<u>-</u>	<u>127.081</u>
Sub jumlah	<u>1.033.506</u>	<u>867.186</u>
Jumlah pajak dibayar di muka	1.388.135	2.163.452
Penyisihan	<u>-</u>	<u>(313.196)</u>
Jumlah	1.388.135	1.850.256
Bagian lancar	<u>(794.236)</u>	<u>(567.339)</u>
Bagian tidak lancar	<u>593.899</u>	<u>1.282.917</u>

39. TAXATION**a. Prepaid taxes****Corporate Income Tax ("CIT")****The Company:**

Overpayment of corporate income tax:

2017 -

2015 -

2014 -

2013 -

2012 -

2011 -

2005 -

Sub-total

Subsidiaries:

Corporate income tax and dividend

Sub-total - consolidated

Value added tax ("VAT")**The Company:**

2017 -

2012 -

2009 -

2007 -

Sub-total

Subsidiaries:

VAT reimbursable

VAT

Sub-total

Other taxes

Sub-total

Total prepaid tax

Provision

Total

Current portion

Non-current portion

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39. PERPAJAKAN (lanjutan)

a. Pajak dibayar di muka (lanjutan)

Rincian PPN yang dapat ditagihkan kembali adalah sebagai berikut:

	<u>2017</u>	<u>2016</u>
PPN yang dapat ditagihkan kembali dari SKK Migas:		
- PT Pertamina EP	73.348	130.604
- PT Pertamina EP Cepu	43.160	55.253
- PT Pertamina Hulu Energi	<u>4.821</u>	<u>40.817</u>
Sub jumlah	<u>121.329</u>	<u>226.674</u>
PPN yang dapat ditagihkan kembali dari Direktorat Jenderal Anggaran dan Perimbangan Keuangan:		
PT Pertamina Geothermal Energy	<u>94.966</u>	<u>85.264</u>
Jumlah	<u>216.295</u>	<u>311.938</u>

Pada tanggal 3 Maret 2017, Perusahaan menerima surat pengembalian kelebihan pembayaran pajak atas kelebihan bayar pajak penghasilan badan tahun 2014 dan 2013, masing-masing sebesar Rp3.884 juta (setara dengan US\$296.363) dan Rp23 juta (setara dengan US\$1.754).

Peningkatan pembayaran PPN pada tahun 2017 sebagian besar disebabkan atas pembayaran dimuka PPN atas subsidi Solar dan LPG, serta PPh Potong Pungut.

Pada tanggal 21 Maret 2017, Pengadilan Pajak mengabulkan sebagian banding Perusahaan atas surat ketetapan pajak kurang bayar ("SKPKB") pajak pertambahan nilai masa pajak Desember 2007. Perusahaan telah menerima pengembalian pajak atas pajak pertambahan nilai tersebut sebesar Rp1.621 juta (setara dengan US\$121.576) pada tanggal 3 Agustus 2017.

39. TAXATION (continued)

a. Prepaid taxes (continued)

Details of VAT reimbursable are as follows:

VAT reimbursable by SKK Migas:
PT Pertamina EP -
PT Pertamina EP Cepu -
PT Pertamina Hulu Energi -
<i>Sub-total</i>
VAT reimbursable by the Directorate General of Budgeting and Finance Stability:
PT Pertamina Geothermal Energy
Total

In March 3, 2017, the Company received tax refund overpayment letters for overpayment corporate income tax year 2014 and 2013, respectively amounting to Rp3,884 millions (equivalent to US\$296,363) and Rp23 millions (equivalent to US\$1,754).

The increase in VAT payments in 2017 was mainly due to advance payment of VAT for LPG and Diesel subsidies, and withholding tax.

On March 21, 2017, the Tax Court accepted the Company's tax appeals partially of underpayment tax assessment letter ("SKPKB") of value added tax for period December 2007. The Company received tax refund for the overpayment of value added tax amounting to Rp1,621 millions (equivalent to US \$121,576) on August 3, 2017.

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39. PERPAJAKAN (lanjutan)**39. TAXATION (continued)****b. Utang pajak****b. Taxes payable**

	<u>2017</u>	<u>2016</u>	
Pajak penghasilan badan - Perusahaan	-	214.988	Corporate income tax - Company
Pajak penghasilan badan - Entitas Anak	283.985	230.064	Corporate income tax - Subsidiaries
Sub jumlah	<u>283.985</u>	<u>445.052</u>	Sub-total
Pajak lain-lain:			Other taxes:
- Pajak penghasilan - Pasal 21	39.114	40.725	Income taxes - Article 21 -
- Pajak penghasilan - Pasal 23/26	4.793	26.482	Income taxes - Article 23/26 -
- Pajak penghasilan - Pasal 22	6.238	7.676	Income taxes - Article 22 -
- Pajak penghasilan - Pasal 15/4(2)	7.079	5.453	Income taxes - Article 15/4(2) -
- Pajak penghasilan - Pasal 24	1	5	Income taxes - Article 24 -
- PPN	67.302	49.673	VAT -
- Pajak bahan bakar kendaraan bermotor	117.347	107.985	Fuel taxes -
Sub jumlah	<u>241.874</u>	<u>237.999</u>	Sub-total
Jumlah	<u>525.859</u>	<u>683.051</u>	Total

c. Beban pajak penghasilan, neto**c. Income tax expense, net**

	<u>2017</u>	<u>2016</u>	
Beban pajak kini	(1.608.015)	(1.929.818)	Current tax expense
Manfaat pajak tangguhan	585.024	147.120	Deferred income tax benefit
Neto	<u>(1.022.991)</u>	<u>(1.782.698)</u>	Net

d. Pajak kini**d. Current taxes**

Perhitungan pajak penghasilan kini dilakukan berdasarkan estimasi penghasilan kena pajak (kerugian). Nilai tersebut mungkin disesuaikan ketika Surat Pemberitahuan Tahunan Pajak disampaikan ke Direktorat Jenderal Pajak ("DJP").

Current income tax computation is based on estimated taxable income (loss). The amounts may be adjusted when annual tax returns are filed with the Directorate General of Tax ("DGT").

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39. PERPAJAKAN (lanjutan)

39. TAXATION (continued)

d. Pajak kini (lanjutan)

d. Current taxes (continued)

Rekonsiliasi antara laba sebelum pajak penghasilan konsolidasian dengan estimasi penghasilan kena pajak adalah sebagai berikut:

The reconciliation between the consolidated profit before income tax and estimated taxable income is as follows:

	<u>2017</u>	<u>2016</u>	
Laba konsolidasian sebelum beban pajak penghasilan	3.575.610	4.945.352	Consolidated profit before income tax expense
Ditambah:			Add:
Eliminasi konsolidasian	2.199.002	1.721.997	Consolidation eliminations
Laba sebelum pajak penghasilan - entitas anak	<u>(3.480.749)</u>	<u>(2.562.558)</u>	Profit before income tax - subsidiaries
Laba sebelum pajak penghasilan - Perusahaan	<u>2.293.863</u>	<u>4.104.791</u>	Profit before income tax - the Company
Perbedaan temporer:			Temporary differences:
Penyisihan insentif dan bonus kinerja (<i>tantiem</i>)	19.920	82.587	Provision for incentives and performance bonuses (<i>tantiem</i>)
Penyisihan penurunan nilai atas aset keuangan	20.305	59.249	Provision for impairment of financial assets
Aset dan liabilitas sewa pembiayaan	48.659	11.318	Finance lease assets and liabilities
Diskonto dan biaya emisi yang belum diamortisasi	8.095	6.929	Discount and unamortized debt issuance cost
Penyisihan penurunan nilai atas aset <i>non-free</i> dan <i>non-clear</i>		2.589	Provision for impairment of non-free and non-clear assets
Biaya akrual hukum	8.087	2.044	Accrual for legal costs
Penyisihan penurunan nilai persediaan	32.404	(181.202)	Provision for impairment of inventories
Penyusutan aset tetap	(2.756)	(44.036)	Fixed assets depreciation
Liabilitas imbalan kerja karyawan	(121.652)	(18.346)	Employee benefits liability
Lain-lain	(346)	(346)	Others
Perbedaan permanen:			Permanent differences:
Beban yang tidak dapat dikurangkan	1.093.884	1.273.304	Non-deductible expenses
Biaya kesehatan pensiunan	46.334	71.192	Post-retirement healthcare benefits
Aset tetap yang tidak dapat disusutkan	5.201	1.604	Non-depreciable fixed assets
Laba dari entitas anak dan entitas asosiasi	(1.997.866)	(1.384.020)	Income from subsidiaries and associates
Pendapatan bunga yang dikenakan pajak final	(148.704)	(213.821)	Interest income subjected to final tax
Pendapatan lain-lain dikenakan pajak final	<u>(147.399)</u>	<u>(12.565)</u>	Other income subjected to final tax
Jumlah perbedaan temporer dan permanen	<u>(1.135.834)</u>	<u>(343.520)</u>	Total temporary and permanent differences
Laba fiskal - Perusahaan	<u>1.158.029</u>	<u>3.761.271</u>	Taxable income - the Company
Pajak penghasilan kini - Perusahaan	289.507	940.318	Current income tax - the Company
Pajak penghasilan kini - Entitas Anak	<u>1.318.508</u>	<u>989.500</u>	Current income tax - Subsidiaries
Pajak penghasilan kini konsolidasian	<u>1.608.015</u>	<u>1.929.818</u>	Consolidated current income tax

Rekonsiliasi antara beban pajak penghasilan Grup dengan jumlah teoritis beban pajak penghasilan yang dihitung berdasarkan laba sebelum pajak penghasilan konsolidasian Grup adalah sebagai berikut:

The reconciliation between the Group's income tax expense and the theoretical tax amount on the Group's consolidated profit before income tax is as follows:

	<u>2017</u>	<u>2016</u>	
Laba sebelum pajak penghasilan - Konsolidasian	<u>3.575.610</u>	<u>4.945.352</u>	Profit before income tax - Consolidated
Pajak penghasilan dihitung dengan rata-rata tarif pajak <i>statutory</i>	1.737.245	1.882.070	Tax calculated at weighted average statutory tax rates
Beban yang tidak dapat dikurangkan	418.928	442.516	Non-deductible expenses
Biaya kesehatan pensiunan	11.583	17.798	Post-retirement healthcare benefits
Aset tetap yang tidak dapat disusutkan	(8.856)	429	Non-depreciable assets

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39. PERPAJAKAN (lanjutan)

d. Pajak kini (lanjutan)

	<u>2017</u>	<u>2016</u>	
Bagian atas laba neto entitas asosiasi	(533.605)	(387.383)	Share in net income of associates
Pendapatan yang dikenakan pajak final	(34.700)	(129.151)	Income subjected to final tax
Pendapatan bunga yang dikenakan pajak final	(34.943)	(43.581)	Interest income subjected to final tax
Revaluasi aset tetap	<u>(532.661)</u>	<u>-</u>	Fixed assets revaluation
Beban pajak penghasilan konsolidasian	<u>1.022.991</u>	<u>1.782.698</u>	Consolidated corporate income tax expense

Jumlah teoritis beban pajak penghasilan dihitung menggunakan rata-rata tertimbang tarif pajak yang berlaku atas masing-masing entitas yang dikonsolidasi ke dalam Grup. Rata-rata tertimbang tarif pajak yang digunakan adalah 48% (2016: 38%).

39. TAXATION (continued)

d. Current taxes (continued)

The theoretical amount of income tax expense is calculated using the weighted average tax rate applicable to entities consolidated to the Group. The weighted average tax rate was 48% (2016: 38%).

e. Pajak tangguhan

	1 Januari 2017/ January 1, 2017	Penambahan dari bisnis kombinasi/ Additions from business combination	Dibebankan pada ekuitas/ Charged to equity	Selisih penjabaran/ Translation adjustments	Dibebankan pada laporan penghasilan komprehensif lain/ Charged to OCI	Dibebankan pada laporan laba rugi/ Charged to profit or loss	31 Desember 2017/ December 31, 2017	
Aset pajak tangguhan								Deferred tax assets
Imbalan kerja karyawan	285.555	-	321	3.365	39.957	(33.631)	295.567	Employee benefits
Penyisihan penurunan nilai aset keuangan	107.779	-	864	(98)	-	5.581	114.126	Provision for impairment of financial assets
Provisi pembongkaran dan restorasi	116.835	-	-	-	-	11.842	128.677	Provision for decommissioning and site restoration
Penyisihan insentif dan bonus kinerja (tantiem)	63.727	-	-	102	-	14.125	77.954	Provision for incentives and performance bonuses (tantiem)
Laba yang belum direalisasi dari transaksi konsolidasian	48.756	-	-	-	-	16.069	64.825	Unrealized profits from transaction at consolidation level
Aset tetap	23.133	-	2.612	(17)	-	530.921	556.649	Fixed assets
Penyisihan penurunan nilai persediaan	29.049	-	-	(8)	-	7.871	36.912	Provision for impairment of inventories
Penyisihan penurunan nilai aset non-free dan non-clear	27.588	-	-	-	-	-	27.588	Provision for impairment of non-free and non-clear assets
Rugi fiskal yang dibawa ke masa depan	15.601	-	-	-	-	(15.239)	362	Tax losses carry-forward
Pendapatan tangguhan	12.100	-	-	140	-	(4.650)	7.590	Deferred revenues
Biaya hukum yang masih harus dibayar	1.618	-	-	-	-	2.022	3.640	Accrual for legal cost
Aset minyak dan gas bumi	(37.375)	-	-	-	-	32.373	(5.002)	Oil and gas properties
Aset dan liabilitas sewa pembiayaan	(23.333)	-	-	(1)	-	12.129	(11.205)	Finance lease assets and liabilities
Diskonto dan biaya emisi yang belum diamortisasi	(7.962)	-	-	-	-	2.025	(5.937)	Discount and unamortized debt issuance cost
Lain-lain	8.159	-	666	(36)	-	3.661	12.450	Others
Subjumlah aset pajak tangguhan konsolidasian - neto	<u>671.230</u>	<u>-</u>	<u>4.463</u>	<u>3.447</u>	<u>39.957</u>	<u>585.099</u>	<u>1.304.196</u>	Sub-total consolidated deferred tax assets - net
Liabilitas pajak tangguhan								Deferred tax liabilities
Provisi pembongkaran dan restorasi	362.081	(1.058)	-	-	-	4.086	365.109	Provision for decommissioning and site restoration
Aset sewa pembiayaan	31.315	-	-	-	-	318	31.633	Finance lease assets
Pendapatan tangguhan	22.404	-	-	-	-	(11.654)	10.750	Deferred revenues
Imbalan kerja karyawan	6.141	-	-	-	180	1.325	7.646	Employee benefits
Penyisihan penurunan nilai	1.019	696	-	-	-	(740)	975	Provision for impairment
Aset minyak dan gas bumi	(2.437.710)	(276.196)	-	-	-	(87.322)	(2.801.228)	Oil and gas properties
Selisih nilai wajar atas nilai buku	(441.376)	2.352	-	-	-	47.752	(391.272)	Excess of fair value over net book value
Aset tetap	(363)	(8.362)	-	575	-	3.741	(4.409)	Fixed assets
Lain-lain	12.618	48	-	1.087	-	42.419	56.172	Others
Subjumlah liabilitas pajak tangguhan konsolidasian - neto	<u>(2.443.871)</u>	<u>(282.520)</u>	<u>-</u>	<u>1.662</u>	<u>180</u>	<u>(75)</u>	<u>(2.724.624)</u>	Sub-total consolidated deferred tax liabilities - net
Jumlah	<u>(1.772.641)</u>	<u>(282.520)</u>	<u>4.463</u>	<u>5.109</u>	<u>40.137</u>	<u>585.024</u>	<u>(1.420.428)</u>	Total

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39. PERPAJAKAN (lanjutan)

e. Pajak tangguhan (lanjutan)

	1 Januari 2016/ January 1, 2016	Penambahan dari bisnis kombinasi/ Additions from business combination	Dibebankan pada ekuitas/ Charged to equity	Selisih penjabaran/ Translation adjustments	Dibebankan pada laporan penghasilan komprehensif lain/ Charged to OCI	Dibebankan pada laporan laba rugi/ Charged to profit or loss	31 Desember 2016/ December 31, 2016	
Aset pajak tangguhan								Deferred tax assets
Imbalan kerja karyawan	271.306	-	(4.208)	2.331	15.943	183	285.555	Employee benefits
Penyisihan penurunan nilai aset keuangan	94.649	-	(115)	97	-	13.148	107.779	Provision for impairment of financial assets
Provisi pembongkaran dan restorasi	67.513	-	-	-	-	49.322	116.835	Provision for decommissioning and site restoration
Penyisihan insentif dan bonus kinerja (<i>tantiem</i>)	42.717	-	-	(1.680)	-	22.690	63.727	Provision for incentives and performance bonuses (<i>tantiem</i>)
Laba yang belum direalisasi dari transaksi konsolidasian	37.732	-	-	-	-	11.024	48.756	Unrealized profits from transaction at consolidation level
Aset tetap	55.880	-	(1.124)	52	-	(31.675)	23.133	Fixed assets
Penyisihan penurunan nilai persediaan	71.956	-	-	17	-	(42.924)	29.049	Provision for impairment of inventories
Penyisihan penurunan nilai aset <i>non-free</i> dan <i>non-clear</i>	26.941	-	-	-	-	647	27.588	Provision for impairment of <i>non-free</i> and <i>non-clear</i> assets
Rugi fiskal yang dibawa ke masa depan	15.458	-	-	-	-	143	15.601	Tax loss carry-forward
Pendapatan tangguhan	11.456	-	(1.033)	-	-	1.677	12.100	Deferred revenues
Biaya hukum yang masih harus dibayar	1.107	-	-	-	-	511	1.618	Accrual for legal cost
Aset minyak dan gas bumi	(39.211)	-	-	-	-	1.836	(37.375)	Oil and gas properties
Aset dan liabilitas sewa pembayaran	(26.204)	-	-	-	-	2.871	(23.333)	Finance lease assets and liabilities
Diskonto dan biaya emisi yang belum diamortisasi	(9.717)	-	-	-	-	1.755	(7.962)	Discount and unamortized debt issuance cost
Lain-lain	5.742	-	543	51	-	1.823	8.159	Others
Subjumlah aset pajak tangguhan								Sub-total consolidated deferred tax assets - net
konsolidasian - neto	627.325	-	(5.937)	868	15.943	33.031	671.230	
Liabilitas pajak tangguhan								Deferred tax liabilities
Provisi pembongkaran dan restorasi	347.772	-	-	-	-	14.309	362.081	Provision for decommissioning and site restoration
Aset sewa pembiayaan	30.449	-	-	-	-	866	31.315	Finance lease assets
Pendapatan tangguhan	29.449	-	-	-	-	(7.045)	22.404	Deferred revenues
Imbalan kerja karyawan	8.873	-	-	-	(1.220)	(1.512)	6.141	Employee benefits
Penyisihan penurunan nilai	5.431	-	-	-	-	(4.412)	1.019	Provision for impairment
Aset minyak dan gas bumi	(2.544.971)	-	-	-	-	107.261	(2.437.710)	Oil and gas properties
Selisih nilai wajar atas nilai buku	(463.045)	-	-	-	-	21.669	(441.376)	Excess of fair value over net book value
Aset tetap	(363)	-	-	-	-	-	(363)	Fixed assets
Lain-lain	31.830	-	-	(2.165)	-	(17.047)	12.618	Others
Subjumlah liabilitas pajak tangguhan								Sub-total consolidated deferred tax liabilities - net
- konsolidasian - neto	(2.554.575)	-	-	(2.165)	(1.220)	114.089	(2.443.871)	
Jumlah	(1.927.250)	-	(5.937)	(1.297)	14.723	147.120	(1.772.641)	Total

Aset dan liabilitas pajak tangguhan pada tanggal-tanggal 31 Desember 2017 dan 2016 telah memperhitungkan tarif pajak yang berlaku untuk setiap periode yang terkait.

Manajemen Grup berpendapat bahwa aset pajak tangguhan tersebut di atas dapat dipulihkan melalui penghasilan kena pajak di masa yang akan datang.

39. TAXATION (continued)

e. Deferred tax (continued)

Deferred tax assets and liabilities as of December 31, 2017 and 2016 have been calculated taking into account the applicable tax rates for each respective period.

The Group's management is of the opinion that the above deferred tax assets can be fully recovered through future taxable income.

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The original consolidated financial statements included herein
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39. PERPAJAKAN (lanjutan)

f. Administrasi

Undang-undang Perpajakan yang berlaku di Indonesia mengatur bahwa masing-masing entitas dalam Grup menghitung, menetapkan dan membayar sendiri besarnya jumlah pajak yang terutang secara individu. Berdasarkan peraturan perundang-undangan yang berlaku, DJP dapat menetapkan atau mengubah jumlah pajak terutang dalam jangka waktu tertentu. Untuk tahun pajak 2007 dan sebelumnya, jangka waktu tersebut adalah sepuluh tahun sejak saat terutangnya pajak tetapi tidak lebih dari tahun 2013, sedangkan untuk tahun pajak 2008 dan seterusnya, jangka waktunya adalah lima tahun sejak saat terutangnya pajak.

g. Pengampunan Pajak

Perusahaan mengikuti Program Pengampunan Pajak pada tanggal 31 Maret 2017 dan memperoleh Surat Keterangan Pengampunan Pajak No. KET-369/PP/WPJ.19/2017 tanggal 6 April 2017. Sebagai dampak Pengampunan Pajak, Perusahaan menghentikan semua proses Keberatan, Banding, dan Peninjauan Kembali sampai dengan tahun buku 2015.

Adapun dampak dari Pengampunan Pajak sebagai berikut:

- a. Nilai sisa rugi fiskal Perusahaan tahun 2014 sebesar US\$75.362 tidak dapat dikompensasi.
- b. Pengakuan beban atas sengketa pajak yang sebelumnya diakui sebagai pajak dibayar di muka bagian tidak lancar senilai US\$621.148 (setelah dikurangi penyisihan yang telah dibukukan).

PT Pertamina Lubricants, entitas anak Perusahaan, mengikuti Program Pengampunan Pajak pada tanggal 31 Maret 2017 dan memperoleh Surat Keterangan Pengampunan Pajak tanggal 5 April 2017. Sebagai konsekuensi Pengampunan Pajak, PT Pertamina Lubricants menghentikan semua proses Keberatan, Banding, dan Peninjauan Kembali sampai dengan tahun buku 2015.

Adapun dampak dari Pengampunan Pajak tersebut di atas PT Pertamina Lubricants menghapusbukukan PPN masukan sebesar Rp210.301 juta (setara dengan US\$15.418)

39. TAXATION (continued)

f. Administration

The Indonesian prevailing Tax Law requires each Company in the Group to submit individual tax returns on the basis of self assessment. Under the prevailing regulations, DGT may assess or amend tax within certain periods. For the fiscal year of 2007 and backward, this amendment period is within ten years from the time the tax due, but not later than 2013, while for the fiscal year of 2008 and onwards, the period is within five years from the time the tax due.

g. Tax Amnesty

The Company participated in Tax Amnesty Program on March 31, 2017 and received the certificate of Tax Amnesty No. KET-369/PP/WPJ.19/2017 on April 6, 2017. As a result the Company withdrew, by law all processes of Objections, Appeals, and Judicial reviews for the fiscal year until 2015.

The results of the tax amnesty program are as follows:

- a. The company's remaining amount of 2014 fiscal loss amounting to US\$75,362 will not be compensated.
- b. Tax dispute expense which was previously recognized in prepaid tax - non current portion amounting to US\$621,148 (net of provision which has been recorded).

PT Pertamina Lubricants participated in Tax Amnesty Program on March 31, 2017 and received the certificate of Tax Amnesty on April 5, 2017. As a result, PT Pertamina Lubricants withdrew, by law all processes of Objections, Appeals, and Judicial reviews for the fiscal year until 2015.

As consequences of the tax amnesty program discussed above, PT Pertamina Lubricants written-off its input VAT amounting to Rp210,301 millions (equivalent to US\$15,418).

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39. PERPAJAKAN (lanjutan)

h. Revaluasi Aset Tetap untuk Tujuan Perpajakan

Perusahaan mengajukan permohonan untuk melakukan revaluasi aset kilang tertentu untuk tujuan perpajakan pada tanggal 28 Desember 2016.

Pada tanggal 10 Juli 2017, Perusahaan mendapatkan persetujuan revaluasi merujuk keputusan Dirjen Pajak Nomor KEP-104/WPJ.19/2017. Adapun dampak dari persetujuan tersebut sebagai berikut:

- Nilai pajak dibayar dimuka atas pembayaran pajak final senilai US\$129.610 dibiayakan.
- Mengakui aset pajak tangguhan sebesar US\$532.660.

39. TAXATION (continued)

h. Fixed Asset Revaluation for Tax Purpose

The Company submitted a request to revalue certain refineries assets for tax purposes on December 28, 2016.

On July 10, 2017 the Company received approval for the revaluation of refineries as referred to the decision of the Director General of Taxes No. KEP-104/WPJ.19/2017. The consequences of the approval are as follows:

- Prepaid tax of final income tax amounting to US\$129,610 was recognized as expense.
- Recognized deferred tax assets amounting to US\$532,660.

40. SALDO DAN TRANSAKSI DENGAN PIHAK-PIHAK BERELASI

Saldo signifikan dengan pihak-pihak berelasi adalah sebagai berikut:

40. RELATED PARTY BALANCES AND TRANSACTIONS

Significant related party accounts are as follows:

	<u>2017</u>	<u>2016</u>	
Kas dan setara kas (Catatan 5)	4.926.112	5.079.743	Cash and cash equivalents (Note 5)
Kas yang dibatasi penggunaannya (Catatan 6)	88.896	114.855	Restricted cash (Note 6)
Piutang usaha - pihak berelasi (Catatan 40a)	946.027	1.301.759	Trade receivables - related parties (Note 40a)
Piutang Pemerintah (Catatan 8)	2.155.739	1.792.457	Due from the Government (Note 8)
Piutang lain-lain - pihak berelasi (Catatan 40b)	327.394	274.770	Other receivables - related parties (Note 40b)
Uang muka dividen (Catatan 26.II)	-	37.120	Advance dividend payment (Note 26.II)
Kas yang dibatasi penggunaannya - tidak lancar (Catatan 14a)	<u>788.310</u>	<u>596.826</u>	Restricted cash - non-current (Note 14a)
Jumlah	<u>9.232.478</u>	<u>9.197.530</u>	Total
Persentase terhadap jumlah aset	<u>18%</u>	<u>19%</u>	As a percentage of total assets
Pinjaman jangka pendek (Catatan 15)	355.518	46.783	Short-term loans (Note 15)
Utang usaha - pihak berelasi (Catatan 40c)	56.013	128.760	Trade payables - related parties (Note 40c)
Utang Pemerintah (Catatan 17)	1.419.339	1.262.497	Due to the Government (Note 17)
Liabilitas jangka panjang (Catatan 19)	174.637	192.324	Long-term liabilities (Note 19)
Utang lain-lain - pihak berelasi (Catatan 40d)	<u>74.228</u>	<u>49.270</u>	Other payables - related parties (Note 40d)
Jumlah	<u>2.079.735</u>	<u>1.679.634</u>	Total
Persentase terhadap jumlah liabilitas	<u>8%</u>	<u>7%</u>	As a percentage of total liabilities

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**40. SALDO DAN TRANSAKSI DENGAN PIHAK-
PIHAK BERELASI (lanjutan)**

a. Piutang usaha

Piutang usaha - pihak berelasi yang berasal dari penjualan dalam negeri minyak mentah, gas bumi dan energi panas bumi dan ekspor produk minyak.

	<u>2017</u>	<u>2016</u>
Piutang usaha - pihak berelasi	992.874	1.407.583
Dikurangi: Penyisihan penurunan nilai	<u>(46.847)</u>	<u>(105.824)</u>
Neto	<u>946.027</u>	<u>1.301.759</u>

Piutang usaha berdasarkan pelanggan adalah sebagai berikut:

	<u>2017</u>	<u>2016</u>
Tentara Nasional Indonesia ("TNI")/ Kementerian Pertahanan ("Kemhan") (Catatan 47b.II.i)	258.565	644.950
PT PLN (Persero) (PLN) dan entitas anak	270.967	371.215
PT Garuda Indonesia (Persero) Tbk.	106.802	93.939
PT Pupuk Indonesia (Persero)	43.667	33.105
PT Patra SK	40.117	35.754
PT Perusahaan Gas Negara (Persero) Tbk.	27.482	24.952
PT Merpati Nusantara Airlines (Persero)	12.254	12.352
PT Donggi Senoro LNG	14.789	-
Lain-lain	<u>218.231</u>	<u>191.316</u>
	992.874	1.407.583
Penyisihan penurunan nilai	<u>(46.847)</u>	<u>(105.824)</u>
Jumlah	<u>946.027</u>	<u>1.301.759</u>

Mutasi saldo penyisihan penurunan nilai atas piutang usaha dari pihak berelasi adalah sebagai berikut:

	<u>2017</u>	<u>2016</u>
Saldo awal	(105.824)	(47.550)
Pemulihan penurunan nilai atas piutang yang terpulihkan - neto	92.811	16.017
Penurunan nilai selama tahun berjalan	(32.854)	(73.604)
Selisih kurs	<u>(980)</u>	<u>(687)</u>
Saldo akhir	<u>(46.847)</u>	<u>(105.824)</u>

**40. RELATED PARTY BALANCES AND
TRANSACTIONS (continued)**

a. Trade receivables

Trade receivables - related parties result from domestic sales of crude oil, natural gas and geothermal energy and the export of oil products.

	<u>2017</u>	<u>2016</u>
Trade receivables - related parties	992.874	1.407.583
Less: Provision for impairment	<u>(46.847)</u>	<u>(105.824)</u>
Net	<u>946.027</u>	<u>1.301.759</u>

Trade receivables based on customers are as follows:

	<u>2017</u>	<u>2016</u>
Indonesian Armed Forces/ Ministry of Defence (Note 47b.II.i)	258.565	644.950
PT PLN (Persero) (PLN) and subsidiaries	270.967	371.215
PT Garuda Indonesia (Persero) Tbk.	106.802	93.939
PT Pupuk Indonesia (Persero)	43.667	33.105
PT Patra SK	40.117	35.754
PT Perusahaan Gas Negara (Persero) Tbk.	27.482	24.952
PT Merpati Nusantara Airlines (Persero)	12.254	12.352
PT Donggi Senoro LNG	14.789	-
Others	<u>218.231</u>	<u>191.316</u>
	992.874	1.407.583
Provision for impairment	<u>(46.847)</u>	<u>(105.824)</u>
Total	<u>946.027</u>	<u>1.301.759</u>

Movements in the provision for impairment of trade receivables from related parties are as follows:

	<u>2017</u>	<u>2016</u>
Beginning balance	(105.824)	(47.550)
Reversal of provision for impairment for recovered receivables - net	92.811	16.017
Impairment during the year	(32.854)	(73.604)
Foreign exchange	<u>(980)</u>	<u>(687)</u>
Ending balance	<u>(46.847)</u>	<u>(105.824)</u>

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**40. SALDO DAN TRANSAKSI DENGAN PIHAK-
PIHAK BERELASI (lanjutan)**

a. Piutang usaha (lanjutan)

Manajemen berkeyakinan bahwa penyisihan penurunan nilai telah mencukupi untuk menutup kemungkinan kerugian yang timbul dari tidak tertagihnya piutang usaha dari pihak-pihak berelasi.

Rincian piutang usaha berdasarkan mata uang adalah sebagai berikut:

	<u>2017</u>	<u>2016</u>
Rupiah	611.200	1.081.051
Dolar AS	381.608	326.468
Lain-lain	<u>66</u>	<u>64</u>
Jumlah	<u>992.874</u>	<u>1.407.583</u>

Piutang atas penyaluran BBM dan pelumas kepada Tentara Nasional Indonesia/Kementerian Pertahanan (TNI/Kemhan)

Penyaluran BBM dan pelumas kepada TNI/Kemhan didasarkan pada rencana kebutuhan TNI/Kemhan dan dibatasi dengan Anggaran Belanja Bahan Bakar Minyak dan Pelumas ("BMP") sebagai salah satu belanja di TNI/Kemhan dengan rincian sebagai berikut:

	<u>2017</u>	<u>2016</u>
Saldo awal	644.950	487.515
Penyaluran bahan bakar minyak dan pelumas	383.307	344.097
Penerimaan atas penyaluran BMP	(764.355)	(199.693)
Selisih kurs	<u>(5.337)</u>	<u>13.031</u>
Neto	<u>258.565</u>	<u>644.950</u>

Pada tanggal 31 Desember 2017, manajemen telah melakukan penyisihan penurunan nilai sebesar US\$10.409 (2016: US\$85.136).

Piutang atas penyaluran BBM kepada PLN/Perusahaan Listrik Negara

Perusahaan melakukan penyaluran minyak solar dan minyak bakar industri kepada PLN untuk digunakan oleh pembangkit-pembangkit listrik PLN di seluruh wilayah Indonesia. Sepanjang tahun 2017, Perusahaan telah menerima pembayaran dari PLN sesuai dengan rumusan harga yang telah disepakati antara Direksi Perusahaan dan Direksi PLN pada tanggal 17 Oktober 2017.

40. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

a. Trade receivables (continued)

Management believes that the provision for impairment is adequate to cover possible losses that may arise from the uncollectible trade receivables from related parties.

Details of trade receivables by currencies are as follows:

	<u>2017</u>	<u>2016</u>
Rupiah	611.200	1.081.051
US Dollar	381.608	326.468
Others	<u>66</u>	<u>64</u>
Total	<u>992.874</u>	<u>1.407.583</u>

Receivable from fuel and lubricant distribution to the Indonesian Armed Forces/Ministry of Defence

The fuel and lubricant distribution to the Indonesian Armed Forces/Ministry of Defence is based on the planned needs of the Indonesian Armed Forces/Ministry of Defence and is capped by the State Budget for Fuels and Lubricants ("BMP") as one of the expenditure items of the Indonesian Armed Forces/Ministry of Defence, the details are as follows:

	<u>2017</u>	<u>2016</u>
Saldo awal	644.950	487.515
Penyaluran bahan bakar minyak dan pelumas	383.307	344.097
Penerimaan atas penyaluran BMP	(764.355)	(199.693)
Selisih kurs	<u>(5.337)</u>	<u>13.031</u>
Neto	<u>258.565</u>	<u>644.950</u>

At December 31, 2017, management has recognized impairment in the amount of US\$10,409 (2016: US\$85,136).

Receivable from fuel distribution to PLN/Perusahaan Listrik Negara

The Company distributes diesel fuel and industrial fuel oil to PLN for their power plant in all regions across Indonesia. In 2017, the Company has made collections from PLN based on the price agreed by the Boards of Directors of the Company and PLN on October 17, 2017.

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**40. SALDO DAN TRANSAKSI DENGAN PIHAK-
PIHAK BERELASI (lanjutan)**

a. Piutang usaha (lanjutan)

Jika kemudian terdapat perbedaan rumusan harga sementara dengan rumusan harga final yang disepakati bersama, maka koreksi akan dicatat pada periode dimana kesepakatan atas rumusan harga final tersebut telah selesai.

b. Piutang lain-lain

Piutang lain-lain berdasarkan pelanggan adalah sebagai berikut:

	<u>2017</u>	<u>2016</u>
PT Donggi Senoro LNG (Catatan 47b)	109.458	105.286
PT Jawa Satu Power (Catatan 47b)	96.000	-
PT Perta Daya Gas (Catatan 47b)	34.152	25.558
PT Merpati Nusantara Airlines (Persero) (Catatan 47b)	19.472	19.550
Lain-lain (masing-masing di bawah US\$10.000)	<u>89.172</u>	<u>145.359</u>
	348.254	295.753
Penyisihan penurunan nilai	<u>(20.860)</u>	<u>(20.983)</u>
	327.394	274.770
Dikurangi: bagian lancar	<u>(286.233)</u>	<u>(235.225)</u>
Bagian tidak lancar - neto (Catatan 14)	<u>41.161</u>	<u>39.545</u>

Mutasi saldo penyisihan penurunan nilai atas piutang lain-lain dari pihak-pihak berelasi adalah sebagai berikut:

	<u>2017</u>	<u>2016</u>
Saldo awal	(20.983)	(20.491)
Pemulihan penurunan nilai atas piutang yang terpulihan-neto	127	1
Penurunan nilai selama tahun berjalan	(162)	(1)
Selisih kurs	<u>158</u>	<u>(492)</u>
Saldo akhir	<u>(20.860)</u>	<u>(20.983)</u>

Manajemen berkeyakinan bahwa penyisihan penurunan nilai telah mencukupi untuk menutup kemungkinan kerugian yang timbul dari tidak tertagihnya piutang lain-lain dari pihak berelasi.

Piutang dari PT Donggi Senoro LNG

Piutang dari PT Donggi Senoro LNG sebesar US\$109.458 (2016: US\$105.286) ditujukan untuk pembangunan fasilitas produksi LNG yang berkapasitas 2 juta ton per tahun. PT Donggi Senoro LNG dimiliki oleh PHE (29%), Sulawesi LNG Development Limited (59,9%) dan PT Medco LNG Indonesia (11,1%). Proyek yang direncanakan selama 4 tahun ini dibiayai 40% dari ekuitas dan 60% dari pinjaman.

**40. RELATED PARTY BALANCES AND
TRANSACTIONS (continued)**

a. Trade receivables (continued)

If there is a difference between the provisional and the final agreed formulation prices, the adjustment will be recorded in the period when the final formulation prices agreement is completed.

b. Other receivables

Other receivables by customers are as follows:

	<u>2017</u>	<u>2016</u>
PT Donggi Senoro LNG (Note 47b)	105.286	105.286
PT Jawa Satu Power (Note 47b)	-	-
PT Perta Daya Gas (Note 47b)	25.558	25.558
PT Merpati Nusantara Airlines (Persero) (Note 47b)	19.550	19.550
Others (each below US\$10,000)	<u>145.359</u>	<u>145.359</u>
	348.254	295.753
Provision for impairment	<u>(20.983)</u>	<u>(20.983)</u>
	327.394	274.770
Less: current portion	<u>(286.233)</u>	<u>(235.225)</u>
Non-current portion - net (Note 14)	<u>41.161</u>	<u>39.545</u>

Movements in the provision for impairment of other receivables from related parties are as follows:

	<u>2017</u>	<u>2016</u>
Beginning balance	(20.491)	(20.491)
Reversal of impairment on the recovered receivables-net	127	1
Impairment during the year	(162)	(1)
Foreign exchange difference	<u>158</u>	<u>(492)</u>
Ending balance	<u>(20.860)</u>	<u>(20.983)</u>

Management believes that the provision for impairment is adequate to cover possible losses that may arise from the uncollectible other receivables from related parties.

Receivables from PT Donggi Senoro LNG

The receivables from PT Donggi Senoro LNG of US\$109,458 (2016: US\$105,286) are intended for the construction of a LNG production facility with a capacity of 2 million tonnes per year. PT Donggi Senoro LNG is owned by PHE (29%), Sulawesi LNG Development Limited (59.9%) and PT Medco LNG Indonesia (11.1%). This project, which was planned to be finalised in 4 years, is funded by 40% from equity and 60% from loan.

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40. SALDO DAN TRANSAKSI DENGAN PIHAK-PIHAK BERELASI (lanjutan)

b. Piutang lain-lain (lanjutan)

Piutang dari PT Donggi Senoro LNG (lanjutan)

Tingkat suku bunga pinjaman adalah LIBOR Dolar AS satu bulan ditambah 3,75% per tahun dan jatuh tempo setiap tiga bulan setelah pinjaman dicairkan. Pada tahun 2017 dan 2016, biaya bunga yang timbul ditambahkan ke pinjaman pokok karena fasilitas produksi LNG masih dalam tahap konstruksi. Pendapatan bunga selama 2017 dan 2016 masing-masing adalah US\$3.536 dan US\$4.050.

PT Merpati Nusantara Airlines (Persero) ("MNA")

Pada tanggal 27 Oktober 2009, MNA telah mengajukan permohonan untuk merestrukturisasi utangnya. Kesepakatan dicapai pada tanggal 17 Oktober 2011 melalui rapat dengan Kementerian BUMN. Pada tanggal-tanggal 31 Desember 2017 dan 2016, saldo penyisihan penurunan nilai atas piutang ini masing-masing sebesar US\$19.472 dan US\$19.550.

c. Utang usaha

	<u>2017</u>	<u>2016</u>
PT ReKayasa Industri	200	36.873
Lain-lain	<u>55.813</u>	<u>91.887</u>
Jumlah	<u>56.013</u>	<u>128.760</u>

d. Utang lain-lain

	<u>2017</u>	<u>2016</u>
PT PLN (Persero)	31.452	17.144
Lain-lain	<u>42.776</u>	<u>32.126</u>
Jumlah	<u>74.228</u>	<u>49.270</u>

e. Penjualan dan pendapatan usaha lainnya

Grup melakukan penjualan dan pendapatan usaha lainnya kepada pihak berelasi selama tahun 2017 dan 2016. Penjualan kepada pihak berelasi mencerminkan 18% dan 16% dari jumlah penjualan dan pendapatan usaha lainnya di tahun-tahun tersebut. Rinciannya adalah sebagai berikut:

40. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

b. Other receivables (continued)

Receivables from PT Donggi Senoro LNG (continued)

The interest rate on the loan is one month US Dollar LIBOR plus 3.75% per annum and interest is due every three months after the loan drawdowns. In 2017 and 2016, accrued interest was added to the loan since the LNG production facility is still under construction. Interest income in 2017 and 2016 is US\$3,536 and US\$4,050, respectively.

PT Merpati Nusantara Airlines (Persero) ("MNA")

On October 27, 2009, MNA requested to restructure its payable. An agreement was made on October 17, 2011 through a meeting at the Ministry of State-Owned Enterprises. As of December 31, 2017 and 2016, the provision for impairment for this receivable amounted to US\$19,472 and US\$19,550, respectively.

c. Trade payables

	<u>2017</u>	<u>2016</u>
PT ReKayasa Industri	200	36.873
Others	<u>55.813</u>	<u>91.887</u>
Total	<u>56.013</u>	<u>128.760</u>

d. Other payables

	<u>2017</u>	<u>2016</u>
PT PLN (Persero)	31.452	17.144
Others	<u>42.776</u>	<u>32.126</u>
Total	<u>74.228</u>	<u>49.270</u>

e. Sales and other operating revenues

The Group made sales and other operating revenues to related parties in 2017 and 2016. Sales to related parties represent 18% and 16% of the total sales and other operating revenues for the respective years. The details are as follows:

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40. SALDO DAN TRANSAKSI DENGAN PIHAK-PIHAK BERELASI (lanjutan)			40. RELATED PARTY BALANCES AND TRANSACTIONS (continued)
e. Penjualan dan pendapatan usaha lainnya (lanjutan)	2017	2016	e. Sales and other operating revenues (continued)
Penjualan dalam negeri minyak mentah, gas bumi, energi panas bumi dan produk minyak			<i>Domestic sales of crude oil, natural gas, geothermal energy and oil products</i>
- Entitas berelasi dengan			
Pemerintah	3.615.160	3.069.383	<i>Government-related entities -</i>
Pemegang saham	400.621	367.301	<i>Shareholder -</i>
Entitas asosiasi	735	5.021	<i>Associates -</i>
Penggantian biaya subsidi dari Pemerintah			<i>Subsidy reimbursements from the Government</i>
- Pemegang saham	3.572.084	2.568.844	<i>Shareholder -</i>
Imbalan jasa pemasaran			<i>Marketing fees</i>
- Pemegang saham	25.474	(257.485)	<i>Shareholder -</i>
Pendapatan usaha dari aktivitas operasi lainnya			<i>Revenues from other operating activities</i>
- Entitas berelasi dengan			
Pemerintah	53.022	103.406	<i>Government-related entities -</i>
Jumlah	7.667.096	5.856.470	Total
f. Beban pokok penjualan			f. Cost of goods sold
Pembelian dari pihak berelasi selama tahun yang berakhir pada tanggal-tanggal 31 Desember 2017 dan 2016 mencerminkan 23% dan 21% dari jumlah beban pokok penjualan (Catatan 31). Rinciannya adalah sebagai berikut:			<i>In 2017 and 2016, purchases from related parties represent 23% and 21% of the total cost of goods sold, respectively (Note 31). The details are as follows:</i>
	2017	2016	
Minyak mentah Pemegang saham	6.879.687	4.726.374	<i>Crude oil for Shareholder</i>
Produk minyak:			<i>Oil products:</i>
Entitas asosiasi	82.140	180.276	<i>Associates</i>
Perusahaan ventura bersama	174.842	132.717	<i>Joint ventures</i>
Entitas yang berelasi dengan			
Pemerintah	-	1.238	<i>Government-related entities</i>
Jumlah	7.136.669	5.040.605	Total
g. Kompensasi manajemen kunci dan Dewan Komisaris			g. Compensation of key management and Board of Commissioners
Manajemen kunci adalah Direksi dan personil lain yang mempunyai peranan kunci dalam Perusahaan. Kompensasi yang dibayar atau terutang pada manajemen kunci dan Dewan Komisaris adalah sebagai berikut:			<i>Key management comprises the Board of Directors and other key management personnel who have significant involvement in the operations of the Company. The compensation paid or payable to key management and Board of Commissioners is shown below:</i>
	2017	2016	
Gaji dan imbalan lainnya	52.781	42.469	<i>Salaries and other benefits</i>

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**40. SALDO DAN TRANSAKSI DENGAN PIHAK-
PIHAK BERELASI (lanjutan)**

h. Hubungan dengan pihak-pihak berelasi

Sifat dari hubungan pihak-pihak berelasi adalah sebagai berikut:

Hubungan/ Relationships
• Pemegang saham/ <i>Shareholder</i>
• Entitas asosiasi/ <i>Associates</i>
• Perusahaan ventura bersama/ <i>Joint ventures</i>
• Mempunyai anggota manajemen kunci yang sama dengan Perusahaan/ <i>Common key management</i>
• Entitas berelasi dengan Pemerintah/ <i>Government-related entities</i>
• Personil Manajemen Kunci/ <i>Key Management Personnel</i>
• Dewan Pengawas Tata Kelola Perusahaan/ <i>Governance Oversight Body</i>

Transaksi antar pihak berelasi didasarkan pada kesepakatan antar pihak yang pada umumnya mengacu kepada harga pasar dengan keuntungan tertentu.

**40. RELATED PARTY BALANCES AND
TRANSACTIONS (continued)**

h. Relationships with related parties

The nature of relationships with the related parties is as follows:

Pihak berelasi/ Related parties
Pemerintah Republik Indonesia/ <i>The Government of the Republic of Indonesia</i>
Pacific Petroleum & Trading Co. Ltd.
PT Trans-Pacific Petrochemical Indotama
PT Donggi Senoro LNG
PT Asuransi Samsung Tugu
Seplat Petroleum Development Company Plc
PT Patra SK
PT Nusantara Regas
PT Perta Samtan Gas
PT Perta Daya Gas
PT Indo Thai Trading
PT Elnusa CGGVeritas Seismic
Koperasi Karyawan Pertamina
Dana Pensiun Pertamina
Pertamina Foundation
Yayasan Kesehatan Pertamina
Tentara Nasional Indonesia (TNI)/Kementerian Pertahanan
Polisi Republik Indonesia (Polri)
Kementerian Keuangan/ <i>Ministry of Finance</i>
PT Perusahaan Listrik Negara (Persero)
PT Pupuk Indonesia (Persero)
PT Perusahaan Gas Negara (Persero) Tbk.
PT Krakatau Steel (Persero) Tbk.
PT Garuda Indonesia (Persero) Tbk.
PT Merpati Nusantara Airlines (Persero)
PT Wijaya Karya (Persero) Tbk.
PT PAL Indonesia (Persero)
PT Bina Bangun Wibawa Mukti
PT Rekayasa Industri
PT Asuransi Jasa Indonesia (Persero)
PT Sarana Multi Infrastruktur (Persero)
BNI
BNI Syariah
BRI
Bank Mandiri
Bank Mandiri Syariah
Lembaga Pembiayaan Ekspor Indonesia
Perusahaan Badan Usaha Milik Negara (BUMN) <i>lainnya/others</i>
Perusahaan Badan Usaha Milik Daerah (BUMD) <i>lainnya/others</i>
Direksi/ <i>Directors</i>
Personil lain yang mempunyai peranan kunci dalam Perusahaan/ <i>Other key management personnel</i>
Dewan Komisaris/ <i>Board of Commissioners</i>

Transactions between related parties are based on an agreement between the parties thereto which generally refers to the market price which includes a certain margin.

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41. INFORMASI SEGMENT

Manajemen telah menentukan segmen operasi berdasarkan laporan yang ditelaah oleh komite pengarah strategik yang digunakan untuk mengambil keputusan strategik.

Segmen dikelompokkan menjadi dua kegiatan usaha utama meliputi Hulu dan Hilir, yang merupakan laporan segmen Perusahaan sesuai dengan PSAK 5 (Penyesuaian 2014), Segmen Operasi (Catatan 2w). Kegiatan usaha Gas dan Energi Baru Terbarukan saat ini dikelompokkan pada segmen lain-lain karena masih belum memenuhi ambang batas kuantitatif sebagai segmen operasi dilaporkan.

41. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the strategic steering committee that are used to make strategic decisions.

Segments are grouped into two principal business activities consisting of Upstream and Downstream, representing the Company's reportable segments as defined in the accounting standards for segment reporting SFAS 5 (Amendment 2014), Operating Segments (Note 2w). Business activities related with Gas and New and Renewable Energy are currently grouped into Other segment because they still have not met quantitative thresholds as a reportable operating segment.

	31 Desember/December 2017						
	Hulu/ Upstream	Hilir/ Downstream	Lain-lain/ Others ^{a)}	Jumlah sebelum eliminasi/ Total before elimination	Eliminasi/ Elimination	Jumlah konsolidasian/ Total consolidated	
Penjualan eksternal	4.825.501	37.120.097	1.013.727	42.959.325	-	42.959.325	External sales
Penjualan antar segmen	3.140.831	252.651	418.449	3.811.931	(3.811.931)	-	Inter-segment sales
Jumlah segmen pendapatan	7.966.332	37.372.748	1.432.176	46.771.256	(3.811.931)	42.959.325	Total segment revenues
Hasil segmen	3.327.892	1.282.198	220.423	4.830.513	(64.274)	4.766.239	Segment results
Laba selisih kurs - neto						68.399	Gain on foreign exchange - net
Pendapatan keuangan						212.779	Finance income
Beban keuangan						(670.110)	Finance costs
Bagian atas laba neto entitas asosiasi dan ventura bersama						48.379	Share in net profit of associates and joint venture
Beban lain-lain - neto						(850.076)	Other expenses - net
						(1.190.629)	
Laba sebelum pajak penghasilan						3.575.610	Profit before income tax
Beban pajak penghasilan						(1.022.991)	Income tax expense
Laba tahun berjalan						2.552.619	Profit for the year
Laba tahun berjalan yang dapat diatribusikan kepada: Pemilik entitas induk						2.540.195	Profit for the year attributable to: Owners of the parent
Kepentingan nonpengendali						12.424	Non-controlling interests
Informasi Lain							Other Information
Segmen aset	23.969.823	28.451.457	2.729.759	55.151.039	(6.759.468)	48.391.571	Segment assets
Penyertaan jangka panjang	1.476.703	14.796.376	160.244	16.433.323	(13.611.324)	2.821.999	Long-term investments
Jumlah aset	25.446.526	43.247.833	2.890.003	71.584.362	(20.370.792)	51.213.570	Total assets
Jumlah liabilitas	12.160.128	21.106.197	976.152	34.242.477	(6.855.261)	27.387.216	Total liabilities
Beban penyusutan, deplesi dan amortisasi	1.507.443	692.767	89.754	2.289.964	-	2.289.964	Depreciation, depletion and amortization expense
Penambahan aset tetap, aset minyak & gas serta panas bumi	3.672.689	1.371.834	81.156	5.125.679	-	5.282.975	Additions to fixed assets, oil & gas and geothermal properties

a) Lain-lain terdiri dari sewa perkantoran dan perumahan, hotel, jasa pengangkutan udara, jasa kesehatan dan pengoperasian rumah sakit, manajemen portofolio investasi, jasa transportasi gas, jasa pengembangan sumber daya manusia dan jasa asuransi.

a) Others consist of office and housing rentals, hotel operation, air transportation services, health services and operation of hospitals, investment portfolio management, gas transportation services, human resources development and insurance services.

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41. INFORMASI SEGMENT (lanjutan)

41. SEGMENT INFORMATION (continued)

	31 Desember/December 2016						
	Hulu/ <i>Upstream</i>	Hilir/ <i>Downstream</i>	Lain-lain/ <i>Others^{a)}</i>	Jumlah sebelum eliminasi/ <i>Total before elimination</i>	Eliminasi/ <i>Elimination</i>	Jumlah konsolidasian/ <i>Total consolidated</i>	
Penjualan eksternal	3.656.843	32.339.046	490.855	36.486.744	-	36.486.744	<i>External sales</i>
Penjualan antar segmen	2.615.422	138.619	355.970	3.110.011	(3.110.011)	-	<i>Inter-segment sales</i>
Jumlah segmen pendapatan	6.272.265	32.477.665	846.825	39.596.755	(3.110.011)	36.486.744	<i>Total segment revenues</i>
Hasil segmen	2.065.679	4.176.180	(4.139)	6.237.720	(44.097)	6.193.623	<i>Segment results</i>
Rugi selisih kurs - neto						(47.530)	<i>Loss on foreign exchange - net</i>
Pendapatan keuangan						317.307	<i>Finance income</i>
Beban keuangan						(637.530)	<i>Finance costs</i>
Bagian atas laba neto entitas asosiasi dan ventura bersama						16.129	<i>Share in net profit of associates and joint venture</i>
Beban lain-lain - neto						(896.647)	<i>Other expenses - net</i>
						(1.248.271)	
Laba sebelum pajak penghasilan						4.945.352	<i>Profit before income tax</i>
Beban pajak penghasilan						(1.782.698)	<i>Income tax expense</i>
Laba tahun berjalan						3.162.654	<i>Profit for the year</i>
Laba tahun berjalan yang dapat diatribusikan kepada: Pemilik entitas induk						3.147.043	<i>Profit for the year attributable to: Owners of the parent</i>
Kepentingan nonpengendali						15.611	<i>Non-controlling interests</i>
Informasi Lain							<i>Other Information</i>
Segmen aset	20.490.777	28.354.355	2.897.355	51.742.487	(7.666.042)	44.076.445	<i>Segment assets</i>
Penyertaan jangka panjang	1.714.743	12.734.576	185.547	14.634.866	(11.478.105)	3.156.761	<i>Long-term investments</i>
Jumlah aset	22.205.520	41.088.931	3.082.902	66.377.353	(19.144.147)	47.233.206	<i>Total assets</i>
Jumlah liabilitas	9.479.285	19.949.952	1.466.537	30.895.774	(5.737.135)	25.158.639	<i>Total liabilities</i>
Beban penyusutan, deplesi dan amortisasi	1.568.763	653.572	74.828	2.297.163	-	2.297.163	<i>Depreciation, depletion and amortization expense</i>
Penambahan aset tetap, aset minyak & gas serta panas bumi	1.566.871	801.312	172.599	2.540.782	-	2.540.782	<i>Additions to fixed assets, oil & gas and geothermal properties</i>

a) Lain-lain terdiri dari sewa perkantoran dan perumahan, hotel, jasa pengangkutan udara, jasa kesehatan dan pengoperasian rumah sakit, manajemen portofolio, jasa transportasi gas, jasa pengembangan sumber daya manusia dan jasa asuransi.

a) *Others consist of office and housing rentals, hotel operation, air transportation services, health services and operation of hospitals, investment portfolio management, gas transportation services, human resources development and insurance services.*

Transaksi antar segmen dilakukan dengan mengacu pada syarat yang disetujui di antara perusahaan-perusahaan.

Transactions between segments are carried out at agreed terms between the companies.

Tabel berikut ini menunjukkan distribusi dari pendapatan konsolidasian Grup berdasarkan segmen geografis:

The following table shows the distribution of the Group's consolidated revenues based on its geographic segments:

	2017	2016	
Pendapatan			Revenues
Indonesia	41.085.044	35.518.373	<i>Indonesia</i>
Negara lainnya	1.874.281	968.371	<i>Other countries</i>
Pendapatan konsolidasian	42.959.325	36.486.744	Consolidated revenues

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41. INFORMASI SEGMENT (lanjutan)

Pendapatan dari dua pelanggan segmen hilir untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2017 dan 2016 mencerminkan masing-masing 11% dan 11% (US\$4.864.790 dan US\$4.150.753) dari jumlah penjualan dan pendapatan usaha lainnya.

Seluruh aset Grup secara substansial berlokasi di Indonesia, kecuali beberapa kepemilikan aset di luar negeri seperti anak perusahaan PIEP yang masing-masing berlokasi di Aljazair, Irak, Malaysia, Italia, Perancis, Myanmar, Kanada, Kongo, Tanzania, Gabon, Kolombia, dan Namibia.

42. KESEPAKATAN KONTRAK MINYAK DAN GAS BUMI

a. KKS

KKS dibuat oleh kontraktor KKS dengan Pemerintah melalui SKK Migas (dahulu BP Migas) untuk jangka waktu kontrak 20-30 tahun dan dapat diperpanjang sesuai dengan peraturan yang berlaku.

- Wilayah Kerja

Wilayah kerja KKS adalah wilayah dimana kontraktor KKS dapat melaksanakan kegiatan operasi minyak dan gas bumi. Pada saat atau sebelum akhir tahun kontrak ke - 10 sejak tanggal efektif KKS, kontraktor KKS wajib mengembalikan persentase tertentu dari luas wilayah kerja yang ditentukan kepada Pemerintah.

- Bagi Hasil Produksi Minyak Mentah dan Gas Bumi

Pembagian hasil produksi minyak dan gas bumi dihitung secara tahunan dan merupakan jumlah *lifting* minyak dan gas bumi selama periode/tahun setelah dikurangi kredit investasi, *First Tranche Petroleum (FTP)* dan *cost recovery*.

Kontraktor KKS dikenai pajak atas pendapatan kena pajak dari kegiatan KKS berdasarkan bagian mereka atas hasil produksi minyak dan gas bumi, dikurangi bonus-bonus, pada tarif pajak gabungan yang terdiri dari pajak penghasilan badan dan pajak dividen.

41. SEGMENT INFORMATION (continued)

Revenue from two customers of the downstream segment for the years ended December 31, 2017 and 2016 represented approximately 11% and 11% (US\$4,864,790 and US\$4,150,753) of total sales and other operating revenues, respectively.

All of the Group's assets are substantially located in Indonesia, except for several owned assets outside the country such as PIEP's Subsidiaries which are located in Algeria, Iraq, Malaysia, Italia, France, Myanmar, Canada, Congo, Tanzania, Gabon, Colombia, and Namibia, respectively.

42. OIL AND GAS CONTRACT ARRANGEMENTS

a. PSCs

PSCs are entered into by PSC contractors with SKK Migas (previously BP Migas) acting on behalf of the Government, for a period of 20-30 years, and may be extended in accordance with applicable regulations.

- Working Area

The PSC working area is a designated area in which the PSC contractors may conduct oil and gas operations. On or before the tenth year from the effective date of the PSCs, the PSC contractors must return a certain percentage of this designated working area to the Government.

- Crude Oil and Natural Gas Production Sharing

Crude oil and gas production sharing is determined annually, and represents the total *liftings* of crude oil and gas in each period/year, net of Investment Credit, *First Tranche Petroleum (FTP)* and *cost recovery*.

The PSC contractors are subject to tax on their taxable income from their PSC operations based on their share of equity in the oil and gas production, less bonuses, at a combined tax rate comprising of corporate income tax and dividend tax.

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42. KESEPAKATAN KONTRAK MINYAK DAN GAS BUMI (lanjutan)

a. KKS (lanjutan)

- Pengembalian Biaya Operasi

Pengembalian biaya operasi tiap tahun terdiri dari:

- i. Biaya non-kapital tahun berjalan;
- ii. Penyusutan biaya kapital tahun berjalan; dan
- iii. Biaya operasi tahun sebelumnya yang belum memperoleh penggantian (*unrecovered cost*).

- Harga Minyak Mentah dan Gas Bumi

Bagian kontraktor KKS atas produksi minyak mentah dinilai dengan Harga Minyak Indonesia (*Indonesian Crude Prices - ICP*). Gas bumi yang dikirim kepada pihak ketiga dan pihak berelasi dinilai dengan harga yang ditetapkan dalam perjanjian jual beli yang bersangkutan.

- Domestic Market Obligation (DMO)

Minyak Mentah

Kontraktor KKS wajib memenuhi kebutuhan dalam negeri Indonesia dengan perhitungan setiap tahun sebagai berikut:

- i. Mengalikan jumlah minyak mentah yang diproduksi dari wilayah kerja dengan hasil pembagian antara jumlah kebutuhan minyak mentah dalam negeri sebagai pembilang dan jumlah seluruh minyak mentah Indonesia yang diproduksi oleh seluruh perusahaan perminyakan sebagai penyebut.
- ii. Menghitung 25% jumlah minyak mentah yang diproduksi dari wilayah kerja KKS.
- iii. Mengalikan jumlah minyak mentah yang lebih kecil antara hitungan (i) dan (ii) dengan persentase bagi produk minyak mentah.

Harga DMO untuk minyak mentah adalah harga rata-rata tertimbang dari seluruh jenis minyak mentah yang dijual oleh kontraktor KKS.

42. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

a. PSCs (continued)

- Cost Recovery

Annual cost recovery comprises of:

- i. Current year non-capital costs;*
- ii. Current year depreciation of capital costs; and*
- iii. Unrecovered prior years' operating costs.*

- Crude Oil and Natural Gas Prices

The PSC contractors' crude oil production is priced at Indonesian Crude Prices (ICP). Natural gas deliveries to third parties and related parties are valued based on the prices stipulated in the respective sale and purchase contracts.

- Domestic Market Obligation (DMO)

Crude Oil

The PSC contractor is required to supply the domestic market in Indonesia with the following annual calculation:

- i. Multiply the total quantity of crude oil produced from the contract area by a fraction, the numerator of which is the total quantity of crude oil to be supplied and the denominator is the entire Indonesian production of crude oil from all petroleum companies.*
- ii. Compute 25% of the total quantity of crude oil produced from the contract area.*
- iii. Multiply the lower computation, either under (i) or (ii) by the resultant percentage of the contractor's entitlement.*

The price at which the DMO crude oil is supplied is equal to the weighted average of all types of crude oil sold by the PSC contractor.

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**42. KESEPAKATAN KONTRAK MINYAK DAN GAS
BUMI (lanjutan)**

a. KKS (lanjutan)

- **Domestic Market Obligation (DMO)
(lanjutan)**

Gas Bumi

Kontraktor KKS juga wajib memenuhi kebutuhan dalam negeri Indonesia sebesar 25% dari jumlah gas bumi yang diproduksi dari wilayah kerja kontraktor KKS dikalikan dengan persentase bagi hasil gas bumi kontraktor KKS.

Harga DMO untuk gas bumi adalah harga yang ditentukan berdasarkan harga jual yang disepakati di dalam kontrak penjualan.

- **FTP**

Pemerintah dan kontraktor berhak untuk menerima sampai sebesar 10%-20% dari jumlah produksi minyak dan gas bumi setiap tahun sebelum dikurangi dengan pengembalian biaya operasi dan kredit investasi.

- **Hak milik atas persediaan,
perlengkapan dan peralatan**

Persediaan, perlengkapan dan peralatan yang dibeli oleh kontraktor KKS untuk kegiatan operasi minyak dan gas bumi merupakan milik Pemerintah. Akan tetapi, kontraktor KKS memiliki hak untuk menggunakan persediaan, perlengkapan dan peralatan tersebut sampai dinyatakan surplus atau ditinggalkan dengan persetujuan SKK Migas.

**42. OIL AND GAS CONTRACT ARRANGEMENTS
(continued)**

a. PSCs (continued)

- **Domestic Market Obligation (DMO)
(continued)**

Natural Gas

The PSC contractor is also required to supply the domestic market in Indonesia with 25% of the total quantity of natural gas produced from the contract area multiplied by the PSC contractor's entitlement percentage.

The price of DMO for natural gas is the price determined based on the agreed contracted sales price.

- **FTP**

The Government and contractors are entitled to receive an amount ranging from 10%-20% of the total production of crude oil and natural gas each year before any deduction for recovery of operating costs and investment credit.

- **Ownership of materials, supplies,
and equipment**

Materials, supplies and equipment acquired by the PSC contractors for crude oil and natural gas operations belong to the Government. However, the PSC contractors have the right to utilize such materials, supplies and equipment until they are declared as surplus or abandoned with the approval of SKK Migas.

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**42. KESEPAKATAN KONTRAK MINYAK DAN GAS
BUMI (lanjutan)**

b. Kontrak Kerjasama PT Pertamina EP

Pada tanggal 17 September 2005, kontrak kerjasama minyak dan gas bumi dalam bentuk Kontrak Minyak dan Gas Bumi Pertamina yang serupa dengan KKS sebagai kelanjutan dari Pertamina *Petroleum Contract (PPC)* ditandatangani antara Satuan Kerja Khusus Pelaksana Kegiatan Usaha Hulu Minyak dan Gas Bumi ("SKK Migas" - sebelumnya Badan Pelaksana Kegiatan Usaha Hulu Minyak dan Gas Bumi/"BP Migas") dan PT Pertamina EP untuk jangka waktu 30 tahun dari tanggal 17 September 2005 sampai dengan tanggal 16 September 2035 dan dapat diperpanjang sesuai dengan kesepakatan tertulis antara para pihak (SKK Migas dan PT Pertamina EP) dan persetujuan Pemerintah.

Ketentuan Kontrak Kerjasama PT Pertamina EP berbeda dari ketentuan KKS pada umumnya dalam hal-hal sebagai berikut:

- Bagi Hasil Minyak Mentah dan Gas Bumi

Bagi hasil produksi minyak dan gas antara PT Pertamina EP dan Pemerintah masing-masing 67,2269% dan 32,7731%.

- FTP

Pemerintah dan PT Pertamina EP berhak untuk menerima sebesar 5% dari jumlah produksi minyak dan gas setiap tahunnya sebelum dikurangi dengan pengembalian biaya operasi dan kredit investasi. FTP dibagi antara Pemerintah dan PT Pertamina EP sesuai dengan bagi hasil atas produksi minyak dan gas.

**42. OIL AND GAS CONTRACT ARRANGEMENTS
(continued)**

b. PT Pertamina EP's Cooperation Contract

On September 17, 2005, an oil and gas cooperation contract in the form of Pertamina Oil and Gas Contract which is equivalent to a PSC, was signed between Special Task Force For Upstream Oil and Gas Business Activities ("SKK Migas" - formerly Oil and Gas Upstream Activities Agency/"BP Migas") and PT Pertamina EP as a successor contract to Pertamina's Petroleum Contract (PPC). This is valid for a period of 30 years from September 17, 2005 until September 16, 2035, which may be extended in accordance with a written agreement between the parties (SKK Migas and PT Pertamina EP) and approval from the Government.

The terms of PT Pertamina EP's Cooperation Contract differ from general PSC terms in the following respects:

- Crude Oil and Natural Gas Production Sharing

PT Pertamina EP and the Government's shares in equity (profit) of oil and gas production is 67.2269% and 32.7731%, respectively.

- FTP

The Government and PT Pertamina EP are entitled to receive an amount equal to 5% of the total production of oil and gas each year before any deduction for recovery of operating costs and investment credit. FTP is shared between the Government and PT Pertamina EP in accordance with the entitlements to oil and gas production.

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BUMI (lanjutan)**

**c. Perjanjian kerjasama dengan pihak-pihak
dalam melakukan aktivitas minyak dan gas-
PT Pertamina EP**

PT Pertamina EP dapat melakukan perjanjian kerja sama dengan pihak lain dalam kegiatan operasi minyak dan gas bumi atau perjanjian perbantuan teknis di sebagian wilayah kerja KKS dalam bentuk perjanjian kerjasama operasi dengan persetujuan Pemerintah melalui SKK Migas.

Recoverable cost dan bagi hasil untuk pihak-pihak lain pada perjanjian kerjasama berikut, merupakan bagian dari *recoverable cost* berdasarkan Kontrak Kerjasama PT Pertamina EP.

- **Kontrak Bantuan Teknis (“KBT”)**

Dalam KBT, kegiatan operasional dilakukan melalui perjanjian kemitraan dengan PT Pertamina EP. KBT diberikan pada lapangan yang telah berproduksi atau pernah berproduksi tetapi sudah tidak berproduksi. Produksi minyak dan gas bumi dibagi menjadi bagian tidak dibagi (*non-shareable*) dan bagian dibagi (*shareable*). Bagian tidak dibagi merupakan produksi yang diperkirakan dapat dicapai dari suatu lapangan (berdasarkan tren historis produksi dari suatu lapangan) pada saat KBT ditandatangani dan menjadi hak PT Pertamina EP. Produksi bagian tidak dibagi akan menurun setiap tahunnya, yang mencerminkan ekspektasi penurunan produksi. Bagian dapat dibagi berkaitan dengan penambahan produksi yang berasal dari investasi Mitra Usaha pada lapangan KBT.

Mitra Usaha berhak atas pengembalian biaya dengan pembatasan tertentu yang diatur dalam masing-masing kontrak. Sisa produksi bagian dibagi (produksi yang dibagi dikurangi pengembalian biaya) akan dibagi antara PT Pertamina EP dan Mitra Usaha. Persentase bagi hasil sisa produksi yang dibagi untuk Mitra Usaha diatur dalam masing-masing kontrak, yaitu antara 26,7857% sampai dengan 35,7143% untuk minyak bumi dan 62,5000% untuk gas bumi.

**42. OIL AND GAS CONTRACT ARRANGEMENTS
(continued)**

**c. Cooperation arrangements with the parties
in conducting oil and gas activities -
PT Pertamina EP**

PT Pertamina EP can establish cooperation agreements with other parties in conducting oil and gas activities or technical assistance arrangements in certain parts of its Cooperation Contract's working area under Joint Venture Arrangements with the approval of the Government through the SKK Migas.

The recoverable costs and profit sharing of the other parties under the following cooperation agreements form part of PT Pertamina EP's recoverable costs under its Cooperation Contract.

- **Technical Assistance Contracts (“TAC”)**

Under a TAC, operations are conducted through partnership arrangements with PT Pertamina EP. TACs are awarded for fields which are currently in production, or which had previously been in production, but the production has ceased. Crude oil and natural gas production is divided into non-shareable and shareable portions. The non-shareable portion represents the production which is expected from the field (based on the historic production trends of the field) at the time the TAC is signed and accrues to PT Pertamina EP. Non-shareable production decreases annually reflecting expected declines in production. The shareable portion of production corresponds to the additional production resulting from the Partners' investments in the TAC fields.

The Partners are entitled to recover costs, subject to specified annual limitations depending on the contract terms. The remaining portion of shareable production (shareable production less cost recovery) is split between PT Pertamina EP and the Partners. The Partners' share of equity (profit) oil and gas production is stipulated in each contract and ranges from 26.7857% to 35.7143% for oil and 62.5000% for gas.

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BUMI (lanjutan)**

**c. Perjanjian kerjasama dengan pihak-pihak
dalam melakukan aktivitas minyak dan gas-
PT Pertamina EP (lanjutan)**

**- Kontrak Bantuan Teknis (“KBT”)
(lanjutan)**

Pada tanggal 31 Desember 2017, terdapat 9 perjanjian KBT PT Pertamina EP dengan wilayah kerja di Sumatera, Jawa dan Papua serta masa kontrak selama 20 tahun. Tahun efektif perjanjian tersebut berkisar dari tahun 1998 sampai tahun 2002 dan tahun berakhir perjanjian tersebut dari tahun 2018 sampai tahun 2022.

Pada saat berakhirnya KBT, seluruh aset KBT diserahkan kepada PT Pertamina EP. Mitra Usaha KBT bertanggung-jawab untuk menyelesaikan semua liabilitas KBT yang masih belum diselesaikan kepada pihak ketiga sampai dengan tanggal tersebut.

- Kontrak Kerja Sama Operasi (KSO)

Dalam KSO, kegiatan operasional dilakukan melalui perjanjian Mitra Usaha dengan PT Pertamina EP. KSO diberikan pada lapangan yang telah berproduksi, dahulu pernah berproduksi tetapi kemudian dihentikan atau belum berproduksi. Terdapat dua jenis kontrak KSO yaitu:

- a. Kontrak KSO Eksplorasi - Produksi
- b. Kontrak KSO Produksi

Pada kontrak KSO Eksplorasi-Produksi tidak ada bagian minyak mentah yang tidak dibagi (*Non-Shareable Oil*). Pada kontrak KSO Produksi, produksi minyak bumi dibagi menjadi bagian yang tidak dibagi (*non-shareable*) dan bagian yang dibagi (*shareable*).

**42. OIL AND GAS CONTRACT ARRANGEMENTS
(continued)**

**c. Cooperation arrangements with the parties
in conducting oil and gas activities -
PT Pertamina EP (continued)**

**- Technical Assistance Contracts (“TAC”)
(continued)**

As of December 31, 2017, there are 9 TAC arrangements of PT Pertamina EP for Sumatera, Java and Papua working area with contract term for 20 years. The effective term of those contracts range from 1998 until 2002 and the end term of those contracts range from 2018 until 2022.

At the end of the TACs, all TAC assets are transferred to PT Pertamina EP. The TAC Partners are responsible for settling all outstanding TAC liabilities to third parties until the end of the TACs.

- Operation Cooperation (OC) Contract

In an OC Contract, operations are conducted through partnership arrangements with PT Pertamina EP. OC Contracts are awarded for fields which are currently in production, or which have previously been in production, in which production has ceased, or for areas with no previous production. The two types of OC contracts are:

- a. OC Production - Exploration contract
- b. OC Production contract

Under an OC Production-Exploration contract, there is no Non-Shareable Oil. While for an OC Production contract, the crude oil production is divided into non-shareable and shareable portions.

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**42. KESEPAKATAN KONTRAK MINYAK DAN GAS
BUMI (lanjutan)**

**c. Perjanjian kerjasama dengan pihak-pihak
dalam melakukan aktivitas minyak dan gas-
PT Pertamina EP (lanjutan)**

**- Kontrak Kerja Sama Operasi (KSO)
(lanjutan)**

Bagian tidak dibagi atas produksi minyak mentah ("NSO") merupakan produksi yang diperkirakan dapat dicapai dari suatu lapangan (berdasarkan tren historis produksi dari suatu lapangan) pada saat perjanjian KSO ditandatangani dan menjadi hak PT Pertamina EP. Bagian dibagi berkaitan dengan penambahan produksi minyak dan gas yang berasal dari investasi Mitra Usaha terhadap lapangan KSO yang bersangkutan dan secara umum dibagikan dengan pola yang sama seperti KKS. Dalam beberapa kontrak KSO produksi, meskipun produksi sama atau masih di bawah bagian minyak mentah yang tidak dibagi, penggantian biaya produksi tidak akan ditunda dan dapat diperoleh Mitra Usaha dengan ketentuan sebagai berikut:

Mitra dapat memperoleh pengembalian Biaya Operasi pada suatu Tahun Kalender apabila jumlah produksi Mitra lebih besar dari Produksi Dasar dengan jumlah maksimal sebesar jumlah produksi Minyak Inkremental, yang terdiri dari:

- 1) Pengembalian Biaya Operasi untuk mengangkat Produksi Dasar sebesar maksimum 80% (delapan puluh persen) dari Biaya Operasi minyak Operasi Dasar.
- 2) Pengembalian Biaya Operasi untuk mengangkat minyak inkremental sebesar maksimum 80% (delapan puluh persen) dari jumlah produksi Minyak Inkremental yang diproduksi dan dijual serta tidak digunakan untuk Operasi dalam suatu tahun kalender.

Apabila dalam suatu Tahun Kalender, Biaya Operasi melebihi nilai Minyak Mentah yang dialokasikan dalam suatu Tahun Kalender, maka jumlah kelebihan yang belum dikembalikan akan dikembalikan dalam tahun-tahun berikutnya.

**42. OIL AND GAS CONTRACT ARRANGEMENTS
(continued)**

**c. Cooperation arrangements with the parties
in conducting oil and gas activities -
PT Pertamina EP (continued)**

**- Operation Cooperation (OC) Contract
(continued)**

The non-shareable portion of crude oil ("NSO") production represents the production which is expected from the field (based on the historic production trends of the field) at the time the OC Contract is signed, and it accrues to PT Pertamina EP. The shareable portion of crude and gas production corresponds to the additional production resulting from the Partners' investments in the OC Contract fields and split between the parties in the same way as under a Cooperation Contract. In certain OC production contracts, in the event that the production is the same as or less than the NSO, the Partner's production cost will not be deferred and will be recovered with the following provisions:

Partner may recover the operating costs in any Calendar Year if the amount of the Partner's production is greater than the Non-Sharable Oil up to a maximum of Incremental Oil that comprises of:

- 1) *Cost recovery for lifting Non-Shareable Oil up to a maximum of 80% (eighty percent) from Operating Costs of Non-Shareable Oil.*
- 2) *Cost recovery for lifting incremental oil up to a maximum of 80% (eighty percent) from the production of Incremental Oil produced and sold and that were not used in that Calendar Year.*

If, in any Calendar Year, the operating costs exceed the value of such crude oil allocated for the Operations in that Calendar Year, then the unrecovered excess will be recovered in the following years.

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**c. Perjanjian kerjasama dengan pihak-pihak
dalam melakukan aktivitas minyak dan gas-
PT Pertamina EP (lanjutan)**

**- Kontrak Kerja Sama Operasi (KSO)
(lanjutan)**

Persentase bagi hasil produksi bagian Mitra Usaha diatur dalam masing-masing kontrak, yaitu berkisar antara 16,6667% sampai dengan 29,8039% untuk minyak dan 28,8627% sampai dengan 53,5714% untuk gas bumi.

Ada komitmen investasi spesifik yang harus dilakukan dalam jangka waktu tiga tahun setelah tanggal kontrak KSO. Untuk menjamin pelaksanaan komitmen tersebut, Mitra Usaha diharuskan memberikan garansi bank, yang tidak dapat dibatalkan dan tanpa syarat kepada PT Pertamina EP. Mitra Usaha KSO juga diharuskan untuk melakukan pembayaran kepada PT Pertamina EP sejumlah uang yang telah dicantumkan di dalam dokumen penawaran sebelum tanggal penandatanganan kontrak KSO.

Pada tanggal 31 Desember 2017, terdapat 29 perjanjian Mitra Usaha KSO PT Pertamina EP dengan wilayah kerja di Sumatera, Jawa, Kalimantan dan Papua serta masa kontrak selama 15-20 tahun. Tahun efektif perjanjian tersebut berkisar dari tahun 2007 sampai tahun 2017 dan tahun berakhir perjanjian tersebut dari tahun 2022 sampai tahun 2035.

Pada saat tanggal kontrak KSO berakhir, seluruh aset KSO diserahkan kepada PT Pertamina EP. Mitra Usaha KSO bertanggung jawab untuk menyelesaikan semua liabilitas KSO yang masih belum diselesaikan kepada pihak ketiga sampai dengan tanggal kontrak KSO tersebut berakhir.

**42. OIL AND GAS CONTRACT ARRANGEMENTS
(continued)**

**c. Cooperation arrangements with the parties
in conducting oil and gas activities -
PT Pertamina EP (continued)**

**- Operation Cooperation (OC) Contract
(continued)**

The Partner's share of equity (profit) oil and gas production as stipulated in each contract ranges from 16.6667% to 29.8039% for oil and 28.8627% to 53.5714% for gas, respectively.

Specified investment expenditure commitments are required to be made in the first three years after the signing of the OC contract. To ensure that these expenditure commitments are met, the Partners are required to provide PT Pertamina EP with irrevocable and unconditional bank guarantees. The OC Partners are also required to make payments to PT Pertamina EP before the date of signing the OC contracts, of the amounts stated in the bid documents.

As of December 31, 2017, there are 29 OC partnership arrangements of PT Pertamina EP for Sumatera, Java, Kalimantan and Papua working area with contract term for 15-20 years. The effective term of those contracts range from 2007 until 2017 and the end term of those contracts range from 2022 until 2035.

At the end of OC contracts, all OC assets are transferred to PT Pertamina EP. The OC Partners are responsible for settling all outstanding OC liabilities to third parties until the end of the OC contracts.

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**c. Perjanjian kerjasama dengan pihak-pihak
dalam melakukan aktivitas minyak dan gas
- PT Pertamina EP (lanjutan)**

- Kontrak Unitisasi

Sesuai dengan Peraturan Pemerintah No. 35 Tahun 2004 tentang Kegiatan Usaha Hulu Minyak dan Gas Bumi, Kontraktor KKS diwajibkan untuk melakukan unitisasi apabila terbukti adanya reservoir yang memasuki Wilayah Kerja Kontraktor lainnya. MESDM menentukan operator pelaksana unitisasi berdasarkan kesepakatan di antara para Kontraktor yang melakukan unitisasi setelah mendapatkan pertimbangan SKK Migas.

Karena beberapa pelampiran reservoir PT Pertamina EP memasuki Wilayah Kerja Kontraktor lainnya, PT Pertamina EP melakukan perikatan Perjanjian Unitisasi dengan beberapa kontraktor.

Pada tanggal 31 Desember 2017, terdapat 7 perjanjian Unitisasi PT Pertamina EP dengan wilayah kerja di Sumatera, Jawa dan Papua serta masa kontrak selama 10-50 tahun. Tahun efektif perjanjian tersebut berkisar dari tahun 1985 sampai tahun 2013 dan tahun berakhir perjanjian tersebut dari tahun 2022 sampai tahun 2035.

d. Perjanjian kerjasama PHE dengan pihak-pihak lain adalah sebagai berikut:

- Kontrak Gross Split ("Gross Split")

Pada tanggal 13 Januari 2017 Peraturan Menteri Energi dan Sumber Daya Mineral No.08/2017 tentang ketentuan-ketentuan pokok Kontrak Bagi Hasil Tanpa Mekanisme Pengembalian Biaya Operasi atau disebut sebagai KBH Gross Split diterbitkan.

Dalam KBH Gross Split, hasil produksi minyak dan gas bumi dibagi antara Pemerintah Indonesia dan Kontraktor berdasarkan 3 kriteria sebagai berikut:

1. *Base Split*
2. *Variable Split*
3. *Progressive Split*

**42. OIL AND GAS CONTRACT ARRANGEMENTS
(continued)**

**c. Cooperation arrangements with the parties
in conducting oil and gas activities -
PT Pertamina EP (continued)**

- Unitisation Agreement

In accordance with Government Regulation No. 35 Year 2004 on Upstream Oil and Gas Business Activities, a PSC contractor is required to conduct unitisation if it is proven that its reservoir extends into another contractor's Working Area. The MoEMR will determine the operator for the unitisation based on the agreement between the contractors entering the unitisation after considering the opinion of SKK Migas.

Since several of PT Pertamina EP's oil and gas reservoirs extend into other Contractors' Working Areas, PT Pertamina EP entered into Unitisation Agreements with several contractors.

As of December 31, 2017, there are 7 Unitisation arrangements of PT Pertamina EP for Sumatera, Java and Papua working area with contract term for 10-50 years. The effective term of those contracts range from 1985 until 2013 and the end term of those contracts range from 2022 until 2035.

d. PHE's cooperation agreements with other parties are as follows:

- Gross Split Contracts ("Gross Split")

On January 13, 2017, the regulation of the Minister of Energy and Mineral Resources No.08/2017 regarding principles of the Production Sharing Contract without Cost Recovery Mechanism, also known as Gross Split PSC was issued.

In Gross Split PSC the sharing of oil and gas production between the Government of Indonesia and the Contractors is based on the following 3 criteria:

1. *Base Split*
2. *Variable Split*
3. *Progressive Split*

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42. KESEPAKATAN KONTRAK MINYAK DAN GAS BUMI (lanjutan)

d. Perjanjian kerjasama PHE dengan pihak-pihak lain adalah sebagai berikut: (lanjutan)

- Kontrak Gross Split (“Gross Split”) (lanjutan)

Pemerintah juga telah mengatur hal-hal terkait KBH Gross Split sebagai berikut:

- i. Rezim pajak yang berlaku untuk KBH *Gross Split* adalah sesuai dengan ketentuan perundang-undangan di bidang pajak penghasilan;
- ii. Kontraktor KBH *Gross Split* diwajibkan mengganti biaya investasi yang dikeluarkan oleh kontraktor KBH lama yang belum mendapatkan penggantian;
- iii. Aset minyak dan gas bumi eks-KBH lama yang dimiliki oleh Direktorat Jenderal Kekayaan Negara (“DJKN”) akan digunakan oleh kontraktor KBH *Gross Split* dengan skema sewa.

Per tanggal 31 Desember 2017, kesepakatan KBH *Gross Split* yang telah ditandatangani adalah sebagai berikut:

Mitra Usaha KBH/PSC Partners	Wilayah Kerja/ Working Area	Wilayah/ Area	Tanggal Efektif Kontrak/ Effective Date of Contract	Tanggal Mulai Produksi/ Commencement Date	Tanggal Jatuh Tempo Kontrak/ Expiry Date of Contract	Persentase Partisipasi/ Percentage of Participation	Produksi/ Production	Periode Kontrak/ Contract Period
Tidak ada/ None	Blok Offshore North West Java/ Offshore North West Java Block*	Jawa Barat/ West Java	19/01/2017	19/01/2017	18/01/2037	100%	Minyak dan gas bumi/ Oil and gas	20 tahun/ years

- Indonesian Participation Arrangements (IP)

Melalui kesepakatan IP, Perusahaan, sebagai Badan Usaha Milik Negara, mendapat tawaran untuk memiliki 10% kepemilikan di KKS pada saat pertama kali Rencana Pengembangan (“POD”) disetujui oleh Pemerintah Indonesia (“Pemerintah”), yang diwakili oleh SKK Migas. Penyertaan di Blok Jabung sebesar 14,28% merupakan perolehan tambahan penyertaan sebesar 4,28% oleh Perusahaan. Penyertaan sebesar 5% di Blok Tengah merupakan 10% dari 50% kepemilikan kontraktor asing. Perusahaan menyerahkan kepemilikan IP ini kepada Entitas Anak PHE pada tanggal 1 Januari 2008.

42. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

d. PHE’s cooperation agreements with other parties are as follows: (continued)

- Gross Split Contracts (“Gross Split”) (continued)

The Government has also arranged matters related to *Gross Split PSC* as follow:

- i. The tax regime applicable to the *Gross Split PSC* is in accordance with the provisions of the income tax law;
- ii. The contractors of *Gross Split PSC* must reimburse unrecovered investment costs to the old *PSC* contractors.
- iii. The oil and gas assets of the old *PSC* which are now owned by the Directorate General of State Assets (“DJKN”) are to be used by the *Gross Split PSC* contractors based on lease scheme.

As of December 31, 2017, the signed *Gross Split PSC* is as follow:

- Indonesian Participation Arrangements (IP)

Through the *IP* arrangements, the Company, a State-Owned Enterprise, is offered a 10% working interest in *PSCs* at the first time *Plans of Development (“POD”)* were approved by the Government of Indonesia (the “Government”), represented by SKK Migas. The 14.28% interest in *Jabung Block* represents the acquisition of additional interest of 4.28% by the Company. The 5% interest in the *Tengah Block* represents 10% of the 50% foreign contractor’s share. The Company assigned these *IP* interests to PHE’s subsidiaries on January 1, 2008.

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BUMI (lanjutan)**

**d. Perjanjian kerjasama PHE dengan pihak-
pihak lain adalah sebagai berikut: (lanjutan)**

**- Indonesian Participation Arrangements
(IP) (lanjutan)**

Pada tanggal 31 Desember 2017, terdapat 6 perjanjian kesepakatan kemitraan PHE melalui IP dengan wilayah kerja di Sumatera, Kalimantan dan Papua serta masa kontrak selama 20-30 tahun. Tahun efektif perjanjian tersebut berkisar dari tahun 1988 sampai tahun 2005 dan tahun berakhir perjanjian tersebut dari tahun 2018 sampai tahun 2028 dengan persentase partisipasi berkisar dari 5% sampai dengan 14,28%.

**- Kepemilikan di KKS yang diperoleh
setelah berlakunya Undang-Undang
No. 22 tahun 2001, tentang Minyak dan
Gas Bumi**

1. Minyak dan Gas Bumi

Pada tanggal 31 Desember 2017, terdapat 21 kesepakatan kemitraan minyak dan gas bumi PHE dengan wilayah kerja di Sumatera, Jawa, Kalimantan, Sulawesi, Maluku dan Papua serta masa kontrak selama 20-30 tahun. Tahun efektif perjanjian tersebut berkisar dari tahun 1988 sampai tahun 2017 dan tahun berakhir perjanjian tersebut dari tahun 2018 sampai tahun 2046 dengan persentase partisipasi berkisar dari 15% sampai dengan 100%.

2. Gas Metana Batubara

Pada tanggal 31 Desember 2017, terdapat 14 kesepakatan kemitraan Gas Metana Batubara ("GMB") dalam kegiatan eksplorasi dengan wilayah kerja di Sumatera dan Kalimantan serta masa kontrak selama 30 tahun. Tahun efektif perjanjian tersebut berkisar dari tahun 2008 sampai tahun 2012 dan tahun berakhir perjanjian tersebut dari tahun 2038 sampai tahun 2042 dengan persentase partisipasi berkisar dari 27,5% sampai dengan 100%.

**42. OIL AND GAS CONTRACT ARRANGEMENTS
(continued)**

**d. PHE's cooperation agreements with other
parties are as follows: (continued)**

**- Indonesian Participation Arrangements
(IP) (continued)**

As of December 31, 2017, there are 6 IP partnership arrangements of PHE for Sumatera, Kalimantan and Papua working area with contract term for 20-30 years. The effective term of those contracts range from 1988 until 2005 and the end term of those contracts range from 2018 until 2028 with percentage of participation range from 5% until 14.28%.

**- PSC interests acquired after the
issuance of Law No. 22 year 2001,
related to Oil and Gas**

1. Oil and Gas

As of December 31, 2017, there are 21 oil and gas partnership arrangements of PHE for Sumatera, Java, Kalimantan Sulawesi, Maluku and Papua working area with contract term for 20-30 years. The effective term of those contracts range from 1988 until 2017 and the end term of those contracts range from 2018 until 2046 with percentage of participation range from 15% until 100%.

2. Coal Bed Methane

As of December 31, 2017, there are 14 Coal Bed Methane ("CBM") partnership arrangements in exploration activities for Sumatera and Kalimantan working area with contract term for 30 years. The effective term of those contracts range from 2008 until 2012 and the end term of those contracts range from 2038 until 2042 with percentage of participation range from 27.5% until 100%.

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**42. KESEPAKATAN KONTRAK MINYAK DAN GAS
BUMI (lanjutan)**

**d. Perjanjian kerjasama PHE dengan pihak-
pihak lain adalah sebagai berikut: (lanjutan)**

- Kepemilikan di KKS yang diperoleh setelah berlakunya Undang-Undang No. 22 tahun 2001, tentang Minyak dan Gas Bumi (lanjutan)

**3. Minyak dan Gas Bumi
Nonkonvensional**

Pada tanggal 31 Desember 2017, terdapat 2 kontrak kerjasama Migas Nonkonvensional dengan wilayah kerja di Sumatera serta masa kontrak selama 30 tahun. Tahun efektif perjanjian tersebut berkisar dari tahun 2013 sampai tahun 2015 dan tahun berakhir perjanjian tersebut dari tahun 2043 sampai tahun 2045 dengan persentase partisipasi berkisar dari 50% sampai dengan 100%.

**- Joint Operating Body-Production
Sharing Contracts ("JOB-PSC")**

Dalam JOB-PSC, kegiatan operasional dilakukan oleh suatu badan operasi bersama antara entitas anak PHE dan kontraktor. Bagian entitas anak PHE atas kewajiban pembiayaan ditanggung lebih dahulu oleh para kontraktor dan dibayar oleh entitas anak PHE melalui bagiannya atas produksi minyak mentah dan gas bumi, ditambah dengan 50% *uplift*. Setelah semua pembiayaan dibayar kembali, maka hasil produksi minyak mentah dan gas bumi dibagi antara entitas anak PHE dan kontraktor sesuai persentase partisipasi masing-masing dalam JOB-PSC. Bagian kontraktor atas produksi minyak mentah dan gas bumi ditentukan dengan cara yang sama sesuai KKS.

Pada tanggal 31 Desember 2017, terdapat 7 kesepakatan Kemitraan JOB-PSC PHE dengan wilayah kerja di Sumatera, Jawa, Kalimantan, Sulawesi dan Papua serta masa kontrak selama 30 tahun. Tahun efektif perjanjian tersebut berkisar dari tahun 1988 sampai tahun 1998 dan tahun berakhir perjanjian tersebut dari tahun 2018 sampai tahun 2028 dengan persentase partisipasi berkisar dari 37,5% sampai dengan 50%.

**42. OIL AND GAS CONTRACT ARRANGEMENTS
(continued)**

**d. PHE's cooperation agreements with other
parties are as follows: (continued)**

- PSC interests acquired after the issuance of Law No. 22 year 2001, related to Oil and Gas (continued)

3. Unconventional Oil and Gas

As of December 31, 2017, there are 2 Unconventional Oil and Gas partnership arrangements for Sumatera working area with contract term for 30 years. The effective term of those contracts range from 2013 until 2015 and the end term of those contracts range from 2043 until 2045 with percentage of participation range from 50% until 100%.

**- Joint Operating Body-Production
Sharing Contracts ("JOB-PSC")**

In a JOB-PSC, operations are conducted by a joint operating body between PHE's subsidiaries and contractors. The PHE subsidiaries' share of expenditures is paid in advance by the contractors and repaid by PHE's subsidiaries out of their share of crude oil and natural gas production, with a 50% *uplift*. After all expenditures are repaid, the crude oil and natural gas production is divided between PHE's subsidiaries and the contractors based on their respective percentages of participation in the JOB-PSC. The contractors' share of crude oil and natural gas production is determined in the same manner as for a PSC.

As of December 31, 2017, there are 7 JOB-PSC Partnership arrangements of PHE for Sumatera, Java, Kalimantan, Sulawesi and Papua working area with contract term for 30 years. The effective term of those contracts range from 1988 until 1998 and the end term of those contracts range from 2018 until 2028 with percentage of participation range from 37.5% until 50%.

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**42. KESEPAKATAN KONTRAK MINYAK DAN GAS
BUMI (lanjutan)**

**d. Perjanjian kerjasama PHE dengan pihak-
pihak lain adalah sebagai berikut: (lanjutan)**

**- Pertamina *Participating Interests*
("PPI")**

Berdasarkan Kesepakatan PPI, PHE mempunyai kepemilikan di dalam kontrak yang serupa dengan kontrak JOB-PSC. Sisa kepemilikan dimiliki oleh kontraktor yang bertindak sebagai operator. Kewajiban pembiayaan bagian PHE dapat dilakukan secara langsung oleh PHE, atau dapat pula ditanggung lebih dahulu oleh para kontraktor dan akan dibayar oleh PHE dengan cara dipotongkan dari bagian PHE atas produksi minyak mentah dan gas bumi, ditambah dengan 50% *uplift*. Produksi minyak mentah dan gas bumi dibagi antara PHE dan kontraktor sesuai dengan persentase kepemilikan masing-masing. Bagian kontraktor atas produksi minyak mentah dan gas bumi ditentukan dengan cara yang sama sesuai KKS.

Pada tanggal 31 Desember 2017, terdapat 2 kesepakatan kemitraan PPI PHE dengan wilayah kerja di Sumatera, dan Kalimantan serta masa kontrak selama 30 tahun. Tahun efektif perjanjian tersebut berkisar dari tahun 1988 sampai tahun 1990 dan tahun berakhir perjanjian tersebut dari tahun 2018 sampai tahun 2020 dengan persentase partisipasi berkisar dari 25% sampai dengan 50%.

- Kontrak unitisasi

Sesuai dengan Peraturan Pemerintah No. 35 Tahun 2004 tentang Kegiatan Usaha Hulu Minyak dan Gas Bumi, Kontraktor KBH diwajibkan untuk melakukan unitisasi apabila terbukti adanya reservoir yang memasuki Wilayah Kerja Kontraktor lainnya. Menteri Energi dan Sumber Daya Mineral menentukan operator pelaksana unitisasi berdasarkan kesepakatan di antara para Kontraktor yang melakukan unitisasi setelah mendapatkan pertimbangan SKK Migas.

Karena beberapa pelampiran reservoir Entitas Anak memasuki Wilayah Kerja Kontraktor lainnya, Entitas Anak melakukan perikatan Perjanjian Unitisasi dengan beberapa kontraktor.

**42. OIL AND GAS CONTRACT ARRANGEMENTS
(continued)**

**d. PHE's cooperation agreements with other
parties are as follows: (continued)**

- *Pertamina Participating Interests* ("PPI")

Through PPI arrangements, PHE owns working interests in contracts similar to JOB-PSC contracts. The remaining working interests are owned by a contractor who acts as an operator. The PHE's share of expenses is either funded by PHE on a current basis, or paid in advance by the contractors and repaid by PHE out of their share of crude oil and natural gas production, with a 50% uplift. The crude oil and natural gas production are divided between PHE and the contractors based on their respective percentages of participation in the PSC. The contractors' share of crude oil and natural gas production is determined in the same manner as for a PSC.

As of December 31, 2017, there are 2 PPI arrangements of PHE for Sumatera and Kalimantan working area with contract term for 30 years. The effective term of those contracts range from 1988 until 1990 and the end term of those contracts range from 2018 until 2020 with percentage of participation range from 25% until 50%.

- *Unitisation agreements*

In accordance with Government Regulation No. 35 Year 2004 on Upstream Oil and Gas Business Activities, a contractor is required to conduct unitisation if it is proven that its reservoir extends into another Contractor's Working Area. The Minister of Energy and Mineral Resources will determine the operator for the unitisation based on the agreement between the contractors entering the unitisation agreements after considering the opinion of SKK Migas.

Since several of the Subsidiaries' oil and gas reservoirs extend into other Contractor's Working Areas, the Subsidiaries entered into Unitisation Agreements with several contractors.

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d. Perjanjian kerjasama PHE dengan pihak-pihak lain adalah sebagai berikut (lanjutan):

- Kontrak unitisasi (lanjutan)

Pada tanggal 31 Desember 2017, terdapat 8 Perjanjian Unitisasi PHE dengan wilayah kerja di Sumatera, Jawa, Kalimantan dan Papua serta masa kontrak selama 10-50 tahun. Tahun efektif perjanjian tersebut berkisar dari tahun 1985 sampai tahun 2014 dan tahun berakhir perjanjian tersebut dari tahun 2018 sampai tahun 2035.

e. Perjanjian kerjasama PT Pertamina EP Cepu (PEPC)'s dengan pihak-pihak lain adalah sebagai berikut:

Pada tanggal 31 Desember 2017, kesepakatan kemitraan PEPC adalah sebagai berikut:

Mitra Usaha/ Partner	Wilayah Kerja/ Working Area	Wilayah/ Area	Tanggal Efektif Kontrak/ Effective Date of Contract	Tanggal Mulai Produksi/ Production Commencement Date	Tanggal Jatuh Tempo Kontrak/ Expiry Date of Contract	Persentase Partisipasi/ Percentage of Participation	Produksi/ Production	Periode Kontrak/ Contract Period
ExxonMobil Cepu Limited Ampolex (Cepu) Pte. Ltd. PT Sarana Patra Hulu Cepu PT Petrogas Jatim Utama Cendana PT Blora Patragas Hulu PT Asri Dharma Sejahtera	Blok Cepu/ Cepu Block	Jawa Tengah - Jawa Timur/ Central Java - East Java	17/09/2005	31/08/2009	16/09/2035	45%	Minyak/Oil	30 tahun/ years

- Kontrak unitisasi

Pada tanggal 31 Desember 2017, Entitas Anak memiliki Perjanjian Unitisasi adalah sebagai berikut:

Mitra Usaha/ Partner	Wilayah Kerja/ Working Area	Wilayah/ Area	Tanggal Efektif Kontrak/ Effective Date of Contract	Tanggal Mulai Produksi/ Production Commencement Date	Tanggal Jatuh Tempo Kontrak/ Expiry Date of Contract	Persentase Partisipasi/ Percentage of Participation	Produksi/ Production	Periode Kontrak/ Contract Period
PT Pertamina EP ExxonMobil Cepu Limited Ampolex (Cepu) Pte. Ltd. PT Sarana Patra Hulu Cepu PT Petrogas Jatim Utama Cendana PT Blora Patragas Hulu PT Asri Dharma Sejahtera	Blok EP Blok Cepu/ EP Block Cepu Block	Jawa Tengah - Jawa Timur/ Central Java - East Java	17/09/2005	-	16/09/2035	82,80%	Gas	30 tahun/ years

42. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

d. PHE's cooperation agreements with other parties are as follows (continued):

- Unitisation agreements (continued)

As of December 31, 2017, there are 8 Unitisation Agreements of PHE for Sumatera, Java, Kalimantan and Papua working area with contract term for 10-50 years. The effective term of those contracts range from 1985 until 2014 and the end term of those contracts range from 2018 until 2035.

e. PT Pertamina EP Cepu (PEPC)'s cooperation agreements with other parties are as follows:

As of December 31, 2017, the PEPC's arrangements were as follows:

- Unitisation agreements

As at December 31, 2017 The Subsidiary's Unitisation Agreements were as follows:

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BUMI (lanjutan)**

f. Perjanjian kerjasama PT Pertamina EP Cepu Alas Dara Kemuning (PEPCADK) dengan SKK Migas adalah sebagai berikut:

Pada tanggal 31 Desember 2017, Perjanjian kerjasama PEPCADK adalah sebagai berikut:

Mitra Usaha/ Partner	Wilayah Kerja/ Working Area	Wilayah/ Area	Tanggal Efektif Kontrak/ Effective Date of Contract
PT Pertamina EP Cepu ADK	Blok Alas Dara Kemuning/ Alas Dara Kemuning Block	Jawa Tengah/ Central Java	26/02/2014

g. Kepemilikan secara langsung dan tidak langsung Perusahaan pada KKS minyak dan gas di luar negeri

Pada tanggal 31 Desember 2017, Perusahaan memiliki secara langsung dan tidak langsung kepemilikan pada KKS atau kontrak sejenis minyak dan gas di luar negeri adalah sebagai berikut:

Nama PBO/ Name of JV	Mitra Usaha/ JV Partners	Wilayah Kerja/ Working Area	Negara/ Country	Tanggal Efektif Kontrak/ Effective Date of Contract	Tanggal Mulai Produksi/ Date of Commence- ment of Production	Persentase Kepemilikan/ Percentage of Participation	Produksi/ Production	Periode Kontrak/ Contract Period
CONSON Joint Operating Company (CONSON JOC)*	Petronas Carigali Petrovietnam	Offshore Block 10, 11 Vietnam	Vietnam	08/01/2002	-	10%	-	30 tahun/ years
Petronas Carigali Pertamina Petro- vietnam Operating Company Sdn. Bhd ("PCPP")	Petronas Carigali Sdn. Bhd., Petrovietnam	Blok Offshore Sarawak/ Offshore Sarawak Block (SK 305)	Malaysia	16/06/2003	26/07/2010	30%	Minyak dan gas bumi/Oil and gas	29 tahun/ years
Pertamina EP Libya Ltd.**	-	Block 123 Sirte onshore	Libya	10/12/2005	-	100%	-	Eksplorasi/ Exploration 5 tahun/ years
Pertamina EP Libya Ltd.**	-	Block 17-3 Sabrathah offshore	Libya	10/12/2005	-	100%	-	Eksplorasi/ Exploration 5 tahun/ years
West Qurna 1 Field Operating Division	ExxonMobil Iraq Limited, Shell Iraq B.V., PetroChina International Iraq FZE, Oil Exploration Company of Iraqi Ministry of Oil	Block West Qurna 1	Irak/Iraq	25/01/2010	25/01/2010	10%	Minyak/Oil	30 tahun/ years

**42. OIL AND GAS CONTRACT ARRANGEMENTS
(continued)**

f. PT Pertamina EP Cepu Alas Dara Kemuning (PEPCADK) cooperation agreements with SKK Migas is as follows:

As of December 31, 2017, the PEPCADK's cooperation agreements were as follows:

Tanggal Mulai Produksi/ Production Commencement Date	Tanggal Jatuh Tempo Kontrak/ Expiry Date of Contract	Persentase Partisipasi/ Percentage of Participation	Produksi/ Production	Periode Kontrak/ Contract Period
-	25/02/2044	100%	-	30 tahun/ years

g. The Company's directly and indirectly held foreign oil and gas PSC interests

As of December 31, 2017, the Company's directly and indirectly held foreign oil and gas PSCs or similar interests were as follows:

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42. KESEPAKATAN KONTRAK MINYAK DAN GAS BUMI (lanjutan)

42. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

g. Kepemilikan secara langsung dan tidak langsung Perusahaan pada KKS minyak dan gas di luar negeri (lanjutan)

g. The Company's directly and indirectly held foreign oil and gas PSC interests (continued)

Nama PBO/ Name of JV	Mitra Usaha/ JV Partners	Wilayah Kerja/ Working Area	Negara/ Country	Tanggal Efektif Kontrak/ Effective Date of Contract	Tanggal Mulai Produksi/ Date of Commence -ment of Production	Persentase Kepemilikan/ Percentage of Participation	Produksi/ Production	Periode Kontrak/ Contract Period
Menzel Lejmat North (MLN)	Talisman (Algeria) B.V.	Block 405a	Aljazair/ Algeria	1993	2003	65%	Minyak/Oil	25 tahun/ years
El Merk (EMK)	Talisman Energy (Algeria) B.V., Sonatrach, Anadarko, Eni, Maersk.	Block 405a	Aljazair/ Algeria	Juli/July 2005	2013	16,90%	Minyak/Oil, Kondensat /Condensat, Liquefied Petroleum Gas (LPG)	25 tahun/ years
Ourhoud	Talisman Energy (Algeria) B.V., Sonatrach, Anadarko, Eni, Maersk, Cepsa.	Block 405a	Aljazair/ Algeria	Februari/ February 1997	2002	3,73%	Minyak/Oil	25 tahun/ years
Murphy Sabah Oil Co. Ltd.	MurphySabah Oil Co. Ltd.	Block K, P dan H	Malaysia	27/01/1999 23/01/2006 19/03/2007	2007 Tahap eksplorasi/ Exploration stage Tahap pengembangan/ Development stage	24% 18% 24%	Minyak dan gas bumi/Oil and gas	38 tahun/ years
Murphy Sarawak Oil Co.Ltd.	Murphy Sarawak Oil Co. Ltd.	Block SK309, SK311 dan SK314A	Malaysia	27/01/1999 27/01/1999 07/05/2013	2003 2010 Tahap eksplorasi/ Exploration stage Tahap	25,50% 25,50% 25,50%	Minyak dan gas bumi/Oil and gas	29 tahun/ years 29 tahun/ years 27 tahun/ years
Mnazi Bay Exploration & Mnazi Bay Development/ Production	M&P (Operator); Wentworth; TPDC	Mnazi Bay	Tanzania	Oktober/ October 2006	Agustus/ August 2015	60,075% & 48,06%	Gas	2031 dan dapat diperpanjang sampai dengan 2051/2031 and can be extended up to 2051
Ezanga Production	M&P (Operator); The Gabonese Republic; Tullow	Ezanga	Gabon	1 Januari / January 2014	2007	80%	Minyak/Oil	2034 dan dapat diperpanjang sampai dengan 2054/2034 and can be extended up to 2054

* Berdasarkan risalah rapat komiten manajemen tanggal 15 September 2016, Perusahaan setuju untuk menghentikan kontrak tersebut.

** Kontrak eksplorasi telah berakhir sejak tahun 2010. Grup menghentikan operasinya di Libya sampai pemberitahuan lebih lanjut karena situasi politik di negara tersebut.

* Based on Management Committee Meeting dated September 15, 2016, the Company agreed to terminate of this contract.

** The exploration contract has been ended since 2010. The Group suspended its operations in Libya until futher notice due to country's political condition.

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43. WILAYAH KERJA PANAS BUMI

Sejak tahun 1974, Pertamina Lama memperoleh wilayah-wilayah kerja panas bumi di Indonesia berdasarkan surat-surat keputusan dari Menteri Pertambangan dan Energi. Sesuai dengan PP No. 31 Tahun 2003, segala hak dan kewajiban, yang timbul dari kontrak dan perikatan antara Pertamina Lama dengan pihak ketiga, sepanjang tidak bertentangan dengan Undang-undang No. 22 Tahun 2001, beralih kepada Perusahaan sejak tanggal 17 September 2003. Perusahaan menyerahkan wilayah kerja panas bumi kepada PGE sejak tanggal 1 Januari 2007.

Pada tanggal 31 Desember 2017, wilayah kerja panas bumi PGE adalah sebagai berikut:

a. Operasi Sendiri

Berikut informasi wilayah kerja yang dikelola sendiri oleh PGE:

Wilayah Kerja/Working Area
Gunung Sibayak-Gunung Sinabung
Gunung Way Panas
Kamojang-Darajat
Lahendong
Lumut Balai dan Marga Bayur
Karaha-Cakrabuana
Sungai Penuh
Hululais
Gunung Lawu
Seulawah Agam

b. Kontrak Operasi Bersama ("KOB")

Kontrak Operasi Bersama ("KOB") meliputi kegiatan panas bumi di wilayah kerja PGE, yang dioperasikan oleh pihak ketiga. Berdasarkan KOB, PGE berhak mendapatkan *production allowances* dari kontraktor KOB yang besarnya 2,66% untuk KOB Darajat dan 4% untuk KOB Salak, Wayang Windu, Sarulla, dan Bedugul, dari laba operasi neto tahunan kontraktor KOB yang dihitung berdasarkan KOB.

Pada tanggal 31 Desember 2017, KOB PGE adalah sebagai berikut:

Wilayah Kerja/ Working Area	Lokasi/ Location
Cibeureum - Parabakti	Salak, Jawa Barat/ West Java
Pangalengan	Wayang Windu, Jawa Barat/ West Java
Kamojang-Darajat	Darajat, Jawa Barat/ West Java
Gunung Sibualbuali	Sarulla, Sumatera Utara/ North Sumatera
Tabanan	Bedugul, Bali

Pendapatan PGE dari kegiatan panas bumi dikenakan pajak (bagian pemerintah) sebesar 34%.

43. GEOTHERMAL WORKING AREAS

Since 1974, the former Pertamina Entity was assigned with geothermal working areas in Indonesia based on various decision letters issued by the Minister of Mines and Energy. In accordance with PP No. 31 Year 2003, all rights and obligations arising from contracts and agreements of the former Pertamina Entity with third parties, so long as these are not contrary to Law No. 22 Year 2001, were transferred to the Company effective on September 17, 2003. The Company assigned its geothermal working areas to PGE effective on January 1, 2007.

As of December 31, 2017, PGE's geothermal working areas were as follows:

a. Own Operations

The following working areas are operated by PGE:

Lokasi/ Location	Status Lapangan/ Field Status
Sibayak, Sumatera Utara/ North Sumatera	Produksi/ Production
Ulubelu, Lampung	Produksi/ Production
Kamojang, Jawa Barat/ West Java	Produksi/ Production
Lahendong, Sulawesi Utara/ North Sulawesi	Produksi/ Production
Lumut Balai, Sumatera Selatan/ South Sumatera	Pengembangan/ Development
Karaha, Jawa Barat/ West Java	Pengembangan/ Development
Sungai Penuh, Jambi	Eksplorasi/ Exploration
Hululais, Bengkulu	Pengembangan/ Development
Jawa Tengah/ Central Java	Eksplorasi/ Exploration
Aceh	Eksplorasi/ Exploration

b. Joint Operating Contracts ("JOCs")

JOCs include geothermal activities in PGE's working areas that are conducted by third parties. In accordance with the JOCs, PGE is entitled to receive production allowances from the JOC contractors at the rate of 2.66% for the Darajat JOC and 4% for the Salak, Wayang Windu, Sarulla, and Bedugul JOCs of the JOC contractors' annual net operating income as calculated in accordance with the JOCs.

As of December 31, 2017, PGE's JOCs were as follows:

Status Lapangan/ Field Status	Kontraktor/ Contractor
Produksi/ Production	Star Energy Geothermal Salak Ltd. & Star Energy Geothermal Salak Pratama Ltd.
Produksi/ Production	Star Energy Geothermal (Wayang Windu) Ltd.
Produksi/ Production	Star Energy Geothermal Darajat II Ltd.
Pengembangan/ Development	Sarulla Operation Limited
Eksplorasi/ Exploration	Bali Energy Ltd.

PGE's income from geothermal activities is subject to tax (Government share) at the rate of 34%.

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44. AUDIT PEMERINTAH

**PT Pertamina EP, PT Pertamina EP Cepu dan
entitas anak PT Pertamina Hulu Energi**

Kebijakan akuntansi yang ditetapkan dalam KKS menjadi subjek interpretasi oleh SKK Migas dan Pemerintah. Setiap tahun, pembukuan secara akuntansi dan informasi keuangan dari KKS menjadi objek audit oleh SKK Migas dan/atau Pemerintah. Klaim-klaim yang timbul dari audit tersebut akan disetujui oleh operator KKS dan dicatat dalam pembukuan secara akuntansi oleh KKS atau didiskusikan lebih lanjut dengan SKK Migas dan/atau Pemerintah. Penyelesaian atas klaim-klaim yang didiskusikan tersebut memerlukan proses negosiasi yang cukup lama.

Manajemen berpendapat bahwa hasil audit atas KKS PT Pertamina EP dan KKS dimana PT Pertamina EP Cepu dan entitas anak PT Pertamina Hulu Energi memiliki hak partisipasi tidak akan memiliki dampak material terhadap posisi keuangan dan arus kas Grup.

44. GOVERNMENT AUDIT

**PT Pertamina EP, PT Pertamina EP Cepu, and
subsidiaries of PT Pertamina Hulu Energi**

The accounting policies specified in the Production Sharing Contract are subject to interpretation by SKK Migas and the Government. The accounting records and financial information of the PSC are subject to an audit by SKK Migas and/or the Government on an annual basis. Claims arising from these audits are either agreed upon by the PSC operators and recorded in the PSC accounting records or discussed with SKK Migas and/or the Government. Resolution of the discussed claims may require a lengthy negotiation process.

Management believes that the audit results for PT Pertamina EP's Cooperation Contract and other PSCs wherein PT Pertamina EP Cepu and subsidiaries of PT Pertamina Hulu Energi have a participating interest will not have a material impact on the Group's financial position and cash flows.

**45. AKTIVITAS YANG TIDAK MEMPENGARUHI
ARUS KAS**

45. ACTIVITIES NOT AFFECTING CASH FLOWS

	<u>2017</u>	<u>2016</u>	
Penambahan/Penurunan aset sewa pembiayaan dalam aset tetap (Catatan 12)	103.022	(5.287)	<i>Increase/Decrease in finance lease assets under fixed assets (Note 12)</i>
Kapitalisasi biaya pinjaman ke aset tetap (Catatan 12)	25.611	16.689	<i>Capitalization of borrowing costs to fixed assets (Note 12)</i>
Kapitalisasi biaya pinjaman ke aset minyak dan gas serta panas bumi (Catatan 13)	32.369	33.098	<i>Capitalization of borrowing costs to oil and gas and geothermal properties (Note 13)</i>
Penambahan (pengurangan) aset minyak dan gas yang berasal dari provisi untuk pembongkaran dan restorasi (Catatan 22)	167.589	(180.901)	<i>Addition (deduction) in oil and gas property arising from provision for decommissioning and site restoration (Note 22)</i>

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46. ASET DAN LIABILITAS KEUANGAN**46. FINANCIAL ASSETS AND LIABILITIES****a. Kategori Instrumen Keuangan dan Pengukuran Nilai Wajar****a. Financial Instruments Category and Fair Value Measurement**

Berikut ini kategori aset dan liabilitas keuangan dari Grup:

The following tables from to the Group's financial assets and liabilities by category:

	Jumlah/Total	Nilai wajar melalui laporan laba rugi/ Fair value through profit or loss	Tersedia untuk dijual/ Available-for-sale	Pinjaman dan piutang/ Loans and receivables	Dimiliki hingga jatuh tempo/ Held to maturity
31 Desember/December 2017					
Aset keuangan/Financial assets					
Kas dan setara kas/ Cash and cash equivalents	5.226.332	-	-	5.226.332	-
Kas yang dibatasi penggunaannya/ Restricted cash	89.919	-	-	89.919	-
Investasi jangka pendek/ Short-term investments	247.119	24.898	206.731	15.490	-
Investasi lainnya - neto/Other investments - net	27.328	-	27.328	-	-
Penyertaan jangka panjang/ Long-term investments	418.960	-	6.289	-	412.671
Piutang usaha/Trade receivables	2.331.546	-	-	2.331.546	-
Piutang Pemerintah/ Due from the Government	2.155.739	-	-	2.155.739	-
Piutang lain-lain/ Other receivables	716.999	-	-	716.999	-
Aset tidak lancar lainnya/ Other non-current assets	998.569	-	-	998.569	-
Jumlah aset keuangan/ Total financial assets	12.212.511	24.898	240.348	11.534.594	412.671
					Liabilitas keuangan lainnya/Other financial liabilities
					(452.879)
					(3.884.871)
					(1.419.339)
					(1.727.648)
					(2.451.043)
					(911.162)
					(8.498.447)
					(64.729)
Jumlah liabilitas keuangan/ Total financial liabilities					(19.410.118)

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46. ASET DAN LIABILITAS KEUANGAN (lanjutan)

46. FINANCIAL ASSETS AND LIABILITIES (continued)

a. Kategori Instrumen Keuangan dan Pengukuran Nilai Wajar (lanjutan)

a. Financial Instruments Category and Fair Value Measurement (continued)

Berikut ini kategori aset dan liabilitas keuangan dari Grup: (lanjutan)

The information given below relates to the Group's financial assets and liabilities by category: (continued)

	Jumlah/Total	Nilai wajar melalui laporan laba rugi/ Fair value through profit or loss	Tersedia untuk dijual/ Available-for-sale	Pinjaman dan piutang/ Loans and receivables	Dimiliki hingga jatuh tempo/ Held to maturity
31 Desember/December 2016					
Aset keuangan/Financial assets					
Kas dan setara kas/ Cash and cash equivalents	5.258.526	-	-	5.258.526	-
Kas yang dibatasi penggunaannya/ Restricted cash	122.697	-	-	122.697	-
Investasi jangka pendek/ Short-term investments	116.987	18.008	97.634	1.345	-
Investasi lainnya - neto/ Other investments - net	43.190	43.190	-	-	-
Penyertaan jangka panjang/ Long-term investments	536.351	-	-	1.517	534.834
Piutang usaha/ Trade receivables	2.533.048	-	-	2.533.048	-
Piutang Pemerintah/ Due from the Government	1.792.457	-	-	1.792.457	-
Piutang lain-lain/ Other receivables	651.585	-	-	651.585	-
Aset tidak lancar lainnya/ Other non-current assets	717.048	-	-	717.048	-
Jumlah aset keuangan/ Total financial assets	11.771.889	61.198	97.634	11.078.223	534.834
					Liabilitas keuangan lainnya/ Other financial liabilities
					(130.293)
					(3.330.151)
					(1.262.497)
					(1.340.966)
					(2.394.427)
					(269.633)
					(8.492.312)
					<u>(47.600)</u>
Jumlah liabilitas keuangan/ Total financial liabilities					(17.267.879)

Laba neto dari aset keuangan yang diukur pada nilai wajar melalui laba rugi pada tanggal-tanggal 31 Desember 2017 dan 2016 masing-masing US\$3.244 dan US\$3.351.

Net gain from financial assets at fair value through profit or loss as of December 31, 2017 and 2016 amounted to US\$3,244 and US\$3,351, respectively.

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46. ASET DAN LIABILITAS KEUANGAN (lanjutan)**46. FINANCIAL ASSETS AND LIABILITIES (continued)****b. Saling Hapus Aset dan Liabilitas Keuangan**

Instrumen keuangan di bawah ini bergantung pada saling hapus, pengaturan induk penyelesaian secara neto dan perjanjian serupa:

b. Offsetting Financial Assets and Liabilities

The following financial instruments are subject to offsetting, enforceable master netting arrangements and similar agreement:

	Jumlah bruto aset keuangan diakui/ Gross amount of recognized financial assets	Jumlah bruto aset keuangan diakui saling hapus dalam laporan posisi keuangan/ Gross amount of recognized financial assets set off in the statement of financial position	Jumlah neto aset keuangan disajikan dalam laporan posisi keuangan/ Net amount of financial assets presented in the statement of financial position	Terkait jumlah tidak saling hapus dalam laporan posisi keuangan/ Related amounts not set off in the statement of financial position		Jumlah neto/ Net amount
				Instrumen keuangan/ Financial instruments	Agunan kas yang diterima/ Cash collateral received	
Aset Keuangan/Financial Assets						
31 Desember/December 2017						
Deskripsi/Description						
- Piutang usaha/ Trade receivables	2.410.683	(79.137)	2.331.546	-	-	2.331.546
31 Desember/December 2016						
Deskripsi/Description						
- Piutang usaha/ Trade receivables	2.583.882	(50.834)	2.533.048	-	-	2.533.048
Liabilitas Keuangan/Financial Liabilities						
31 Desember/December 2017						
Deskripsi/Description						
- Utang usaha/ Trade payables	3.964.008	(79.137)	3.884.871	-	-	3.884.871
31 Desember/December 2016						
Deskripsi/Description						
- Utang usaha/ Trade payables	3.380.985	(50.834)	3.330.151	-	-	3.330.151

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46. ASET DAN LIABILITAS KEUANGAN (lanjutan)

**b. Saling Hapus Aset dan Liabilitas Keuangan
(lanjutan)**

Aset keuangan dan liabilitas keuangan yang tunduk pada pengaturan induk untuk menyelesaikan secara neto yang dapat dipaksakan atau perjanjian serupa, setiap perjanjian antara Grup dan pihak lawan memperbolehkan melakukan saling hapus antara aset keuangan dan liabilitas keuangan yang relevan ketika keduanya memilih untuk menyelesaikannya secara neto. Dengan tidak adanya pemilihan tersebut, aset dan kewajiban keuangan akan diselesaikan secara gross, namun, masing-masing pihak dengan pengaturan induk untuk menyelesaikan secara neto yang dapat dipaksakan atau perjanjian serupa memiliki pilihan untuk menyelesaikan semua jumlah tersebut secara neto ketika terjadi wanprestasi dari pihak lain.

47. KEBIJAKAN MANAJEMEN RISIKO

Grup memiliki beragam kegiatan usaha, sehingga memiliki potensi berbagai risiko. Program manajemen risiko yang dimiliki Grup ditujukan untuk meminimalkan dampak yang tidak diharapkan pada kinerja Grup.

Manajemen risiko dijalankan oleh Direksi Grup khususnya melalui Komite Manajemen Risiko (Komite), *Risk Management Unit* dan *Risk Taking Unit* untuk melakukan identifikasi, penilaian, mitigasi dan memonitor risiko-risiko Grup. Komite Manajemen Risiko menetapkan prinsip manajemen risiko secara keseluruhan meliputi risiko usaha dan risiko keuangan.

a. Risiko usaha

Aktivitas bisnis Grup dipengaruhi berbagai risiko usaha (hulu dan hilir) misalnya sebagai berikut:

- I. Grup berada di bawah kendali Pemerintah dan tidak ada jaminan bahwa Pemerintah akan selalu bertindak untuk kepentingan terbaik Grup. Grup juga memperoleh keuntungan tertentu dengan status sebagai BUMN dan Grup tidak dapat menjamin bahwa setiap atau semua keuntungan tersebut akan terus berlanjut.
- II. Grup diaudit oleh SKK Migas, BPK, DJP dan/atau Pemerintah. Hasil audit dapat mengakibatkan klaim terhadap Grup atau berkurangnya klaim yang telah diakui Grup kepada Pemerintah.

46. FINANCIAL ASSETS AND LIABILITIES (continued)

**b. Offsetting Financial Assets and Liabilities
(continued)**

For financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both choose to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

47. RISK MANAGEMENT POLICY

The Group has various business activities, which expose it to various potential risks. The Group's overall risk management program focuses on minimising potential adverse effects on the financial performance of the Group.

Risk management is carried out by the Group's Board of Directors, specifically the Risk Management Committee ("the Committee"), Risk Management Unit and Risk Taking Unit to identify, assess, mitigate and monitor the risks of the Group. The Committee provides principles for overall risk management, including business risk and financial risk.

a. Business risks

The Group's business activities are exposed to a variety of business risks (upstream and downstream) which are as follows:

- I. *The Group is subject to the control of the Government and there is no guarantee that the Government will always act in the Group's best interest. The Group also derives certain benefits from being a state-owned entity, and the Group cannot guarantee that any or all of these benefits will continue.*
- II. *The Group is subject to audit by SKK Migas, BPK, DGT and/or the Government. The outcome of the assessment may result in claims against the Group or reduce claims against the Government that have already been recognized by the Group.*

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47. KEBIJAKAN MANAJEMEN RISIKO (lanjutan)

a. Risiko usaha (lanjutan)

- III. Grup tergantung pada mitra usaha patungan dan kontraktor independen pihak ketiga sehubungan dengan operasi eksplorasi dan produksi serta untuk melaksanakan program pengembangan Grup.
- IV. Perkiraan cadangan minyak mentah, gas alam dan panas bumi milik Grup tidak pasti dan mungkin terbukti tidak akurat dari waktu ke waktu atau mungkin tidak dapat secara akurat mencerminkan tingkat cadangan yang sebenarnya, atau bahkan jika akurat, keterbatasan teknis dapat mencegah Grup untuk mendapatkan kembali cadangan ini.
- V. Grup tergantung kepada kemampuan manajemen untuk mengembangkan cadangan yang ada, mengganti cadangan yang ada dan mengembangkan cadangan tambahan.
- VI. Sejumlah besar pendapatan Grup berasal dari penjualan jenis BBM tertentu yang disubsidi Pemerintah.

b. Risiko keuangan

Risiko keuangan meliputi risiko pasar, kredit dan likuiditas.

I. Risiko pasar

Risiko pasar adalah risiko dimana nilai wajar arus kas di masa datang dari suatu instrumen keuangan akan berfluktuasi karena adanya perubahan harga pasar.

Faktor-faktor risiko pasar tersebut adalah:

(i) Risiko nilai tukar mata uang asing

Pendapatan Grup ditentukan berdasarkan pergerakan MOPS yang akan dibayarkan secara terpisah baik oleh masyarakat dan Pemerintah Indonesia dalam bentuk subsidi produk BBM dan LPG. Adanya peraturan di Indonesia yang mengharuskan transaksi dalam mata uang Rupiah sementara sebagian besar biaya operasi khususnya untuk pengadaan minyak mentah dan produk minyak dilakukan dalam mata uang Dolar AS, dapat menyebabkan risiko nilai tukar mata uang asing terhadap kas dan setara kas, piutang usaha, piutang Pemerintah, utang usaha, pinjaman jangka pendek, utang Pemerintah dan liabilitas jangka panjang.

47. RISK MANAGEMENT POLICY (continued)

a. Business risks (continued)

- III. The Group is dependent on joint venture partners and third party independent contractors in connection with exploration and production operations and to implement the Group's development programs.
- IV. The Group's crude oil, natural gas and geothermal reserves estimates are uncertain and may prove to be inaccurate over time or may not accurately reflect actual reserves levels, or even if accurate, technical limitations may prevent the Group from retrieving these reserves.
- V. The Group is dependent on management's ability to develop existing reserves, replace existing reserves and develop additional reserves.
- VI. A substantial part of the Group's revenues is derived from sales of subsidised certain fuel (BBM) products by the Government.

b. Financial risk

Financial risk includes market, credit and liquidity risks.

I. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

The market risk factors are as follows:

(i) Foreign exchange risk

Group revenues are determined by the movement of MOPS, which will be paid separately by the public and the Government of Indonesia in the form of subsidised fuel products and LPG products. Regulations in Indonesia require transactions to be made in Rupiah, while most of the operating costs particularly for the procurement of crude oil and oil products are made in US Dollars, which can lead to foreign exchange risks for cash and cash equivalents, trade receivables, due from the Government, trade payables, short-term loans, due to the Government and long-term liabilities.

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47. KEBIJAKAN MANAJEMEN RISIKO (lanjutan)

b. Risiko keuangan (lanjutan)

I. Risiko pasar (lanjutan)

(i) Risiko nilai tukar mata uang asing (lanjutan)

Grup memitigasi risiko nilai tukar mata uang asing secara alami melalui pengelolaan arus kas secara efektif.

Analisis sensitivitas

Penguatan (pelemahan) Rupiah terhadap Dolar AS akan meningkatkan (menurunkan) ekuitas dan laba rugi sebesar jumlah yang ditunjukkan di bawah. Analisis ini didasarkan pada varian nilai tukar mata uang asing yang dipertimbangkan mungkin terjadi pada tanggal pelaporan. Analisis mengasumsikan bahwa seluruh variabel lain, pada khususnya tingkat suku bunga, tetap tidak berubah dan mengabaikan dampak atas perkiraan penjualan dan pembelian.

	Penguatan/Strengthening		Pelemahan/Weakening		
	Ekuitas/ Equity	Laba rugi/ Profit or loss	Ekuitas/ Equity	Laba rugi/ Profit or loss	
31 Desember 2017					December 31, 2017
IDR (pergerakan 3%)	272.198	267.015	(256.342)	(251.461)	IDR (3% movement)
31 Desember 2016					December 31, 2016
IDR (pergerakan 7%)	869.047	866.557	(755.340)	(753.176)	IDR (7% movement)

(ii) Risiko harga komoditas

Volatilitas harga minyak mentah, gas alam dan produk kilang serta ketidakpastian pasar untuk minyak mentah dan gas dapat berdampak buruk terhadap usaha, kondisi keuangan dan hasil operasi Grup.

Kemampuan Grup dalam menghasilkan laba dipengaruhi signifikan oleh harga dan permintaan minyak mentah, gas dan produk kilang, perbedaan antara harga perolehan minyak mentah, biaya eksplorasi, pengembangan, produksi, distribusi dan penjualan minyak mentah, gas dan produk minyak. Pasar internasional dan domestik untuk minyak mentah dan produk kilang berfluktuasi, yang ditandai dari fluktuasi harga belum lama ini. Fluktuasi harga pasar minyak mentah, gas dan produk kilang tergantung dari berbagai faktor diluar kendali Grup. Faktor-faktor tersebut antara lain:

47. RISK MANAGEMENT POLICY (continued)

b. Financial risk (continued)

I. Market risk (continued)

(i) Foreign exchange risk (continued)

The Group naturally mitigates foreign exchange risks through the effective management of its cash flows.

Sensitivity analysis

A strengthening (weakening) of the Rupiah against the US Dollar would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that were considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and excludes any impact on forecasted sales and purchases.

(ii) Commodity price risk

The volatility in prices of crude oil, natural gas and refined products and the uncertainty of market dynamics for oil and gas could adversely affect the Group's business, financial conditions and results of the Group's operations.

The Group's profitability is significantly affected by the prices of, and demand for, crude oil, natural gas and refined products, the difference between the cost price of crude oil, the costs of exploring for, developing, producing, transporting and selling crude oil, gas and refined products. The international and domestic markets for crude oil and refined products are fluctuative, and have recently been characterized by significant price fluctuations. The fluctuation of the market prices of crude oil, natural gas and refined products is subject to a variety of factors beyond the Group's control. These factors, among others, include:

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b. Risiko keuangan (lanjutan)

I. Risiko pasar (lanjutan)

(ii) Risiko harga komoditas (lanjutan)

- Peristiwa dan kondisi internasional, termasuk perkembangan politik dan ketidakstabilan wilayah penghasil minyak, seperti Timur Tengah (terutama Teluk Persia, Iran dan Irak), Amerika Latin dan Afrika Barat;
- Kemampuan Organisasi Negara Penghasil Minyak ("OPEC") dan negara produsen minyak lain menjaga tingkat produksi yang akan mempengaruhi harga pasar;
- Tingkat pasokan sumber energi substitusi, seperti gas alam dan batubara;
- Peraturan pemerintah dalam dan luar negeri terkait industri minyak dan gas pada umumnya dan kebijakan harga minyak mentah, gas dan produk kilang di Indonesia;
- Cakupan dan tingkat aktivitas eksplorasi dan produksi minyak dan gas dunia, persediaan minyak dan gas dunia, partisipasi pasar dari spekulasi minyak dan produk lainnya;
- Kondisi cuaca dan musim;
- Perubahan kebijakan penentuan harga dari kompetitor dan Pemerintah; dan
- Kondisi ekonomi global, domestik dan regional.

Risiko yang dijelaskan di atas merupakan risiko usaha normal yang dialami oleh Grup. Grup tidak melakukan transaksi derivatif untuk komoditas dan harga produk ditetapkan sesuai dengan harga pasar.

Grup memitigasi risiko secara alami melalui manajemen pengadaan komoditas dengan menggunakan *Crude Oil Management System* ("COMS") guna mendapatkan harga minyak mentah yang kompetitif untuk mendukung produksi produk minyak dengan hasil yang optimal.

47. RISK MANAGEMENT POLICY (continued)

b. Financial risk (continued)

I. Market risk (continued)

(ii) Commodity price risk (continued)

- *International events and circumstances, as well as political developments and instability in petroleum producing regions, such as the Middle East (particularly the Persian Gulf, Iran and Iraq), Latin America and Western Africa;*
- *The ability of the Organisation of Petroleum Exporting Countries ("OPEC") and other petroleum-producing nations to set and influence market price;*
- *Supply levels of substitute energy sources, such as natural gas and coal;*
- *Domestic and foreign government regulations in relation to oil and energy industries in general, and crude oil, natural gas and refined product pricing policies in Indonesia;*
- *The level and scope of exploration and production of global oil and gas, global oil and natural gas inventories, oil speculators and other commodity market participants;*
- *Weather conditions and seasonality;*
- *Changes in pricing policies of competitors and the Government; and*
- *Overall global, domestic and regional economic conditions.*

The risks explained above are normal business risks which are experienced by the Group. The Group does not engage in derivative transactions for commodity and product prices are determined based on market prices.

*The Group mitigates the risk by commodity procurement management using the *Crude Oil Management System* ("COMS") to acquire competitive crude prices to support production of petroleum products with the most optimum results.*

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b. Risiko keuangan (lanjutan)

I. Risiko pasar (lanjutan)

(ii) Risiko harga komoditas (lanjutan)

Grup ikut serta dalam kontrak komoditas fisik sebagai bagian kegiatan usaha normal. Kontrak ini bukan merupakan derivatif dan diukur pada harga perolehan. Dalam hal ini, Grup tidak terekspos risiko harga komoditas karena harga ditentukan pada saat tanggal pembelian.

(iii) Risiko tingkat suku bunga arus kas dan nilai wajar

Grup memiliki eksposur risiko suku bunga arus kas dan nilai wajar suku bunga yang disebabkan oleh posisi aset dan liabilitas keuangan, terutama untuk menjaga arus kas agar dapat memenuhi kebutuhan dana operasi dan pengadaan modal.

Aset dan liabilitas keuangan dengan tingkat suku bunga mengambang mengekspos Grup terhadap risiko suku bunga arus kas. Aset dan liabilitas keuangan dengan tingkat suku bunga tetap mengekspos Grup terhadap risiko nilai wajar suku bunga.

Grup menyelenggarakan pendanaan secara terpusat dan memonitor pergerakan tingkat LIBOR, SIBOR, JIBOR dan suku bunga pinjaman lain yang berlaku di pasar dan melakukan negosiasi untuk mendapatkan tingkat suku bunga yang paling menguntungkan sebelum melakukan penempatan dana atau melakukan negosiasi tingkat bunga kepada pemberi pinjaman apabila tingkat suku bunga pinjaman menjadi tidak kompetitif dibandingkan dengan suku bunga yang berlaku di pasar.

Grup dapat menggunakan fasilitas pinjaman dari bank pemerintah seperti BNI, BRI, Bank Mandiri serta bank swasta asing.

47. RISK MANAGEMENT POLICY (continued)

b. Financial risk (continued)

I. Market risk (continued)

(ii) Commodity price risk (continued)

The Group also participates in physical commodity contracts in the normal course of business. These contracts are not derivatives and are measured at cost. In this case, the Group is not exposed to commodity price risk because the price has been determined at the date of purchase.

(iii) Cash flows and fair value interest rate risk

The Group is exposed to cash flows and fair value interest rate risk due to its financial assets and liabilities position, mainly to maintain cash flows in order to meet the needs of operational and capital expenditure.

Assets and liabilities with floating rates expose the Group to cash flows interest rate risk. Financial assets and liabilities with fixed rates expose the Group to fair value interest rate risk.

The Group has established a centralised treasury and continuously monitors movements of LIBOR, SIBOR, JIBOR and other borrowing rates prevailing in the market and conducts negotiations to get the most profitable interest rates before making placement of funds or conducts negotiation with lenders if the borrowing rates become uncompetitive compared to prevailing rates in the market.

The Group may use loan facilities provided by national banks such as BNI, BRI, Bank Mandiri, as well as foreign private banks.

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b. Risiko keuangan (lanjutan)

I. Risiko pasar (lanjutan)

- (iii) Risiko tingkat suku bunga arus kas dan nilai wajar (lanjutan)

Pada saat tanggal pelaporan, aset dan liabilitas keuangan dengan tingkat suku bunga mengambang, suku bunga tetap dan non-bunga adalah sebagai berikut:

47. RISK MANAGEMENT POLICY (continued)

b. Financial risk (continued)

I. Market risk (continued)

- (iii) Cash flows and fair value interest rate risk (continued)

At the reporting date, the Group's financial assets and liabilities with floating rates, fixed rates and those that were non-interest bearing were as follows:

	31 Desember/December 2017					
	Suku bunga mengambang/ Floating rate		Suku bunga tetap/ Fixed rate		Non-bunga/ Non-interest bearing	Jumlah/ Total
	Jatuh tempo kurang dari satu tahun/ Maturity less than one year	Jatuh tempo lebih dari satu tahun/ Maturity more than one year	Jatuh tempo kurang dari satu tahun/ Maturity less than one year	Jatuh tempo lebih dari satu tahun/ Maturity more than one year		
Aset/Assets						
Kas dan setara kas/ Cash and cash equivalents	2.055.206	-	3.163.211	-	7.915	5.226.332
Kas yang dibatasi penggunaannya/ Restricted cash	75.243	-	14.675	-	-	89.918
Investasi jangka pendek/ Short-term investments	755	-	150.699	-	95.665	247.119
Piutang usaha/ Trade receivables	-	-	-	-	2.331.546	2.331.546
Piutang Pemerintah/ Due from the Government	-	-	-	-	2.155.739	2.155.739
Piutang lain-lain/ Other receivables	-	-	-	-	716.999	716.999
Penyertaan jangka panjang/ Long-term investments	-	391.307	-	20.268	7.385	418.960
Aset tidak lancar lainnya/ Other non-current assets	-	-	-	-	998.569	998.569
Jumlah aset keuangan/ Total financial assets	2.131.204	391.307	3.328.585	20.268	6.313.818	12.185.182
Liabilitas/Liabilities						
Pinjaman jangka pendek/ Short-term loans	(452.879)	-	-	-	-	(452.879)
Utang usaha/ Trade payables	-	-	-	-	(3.884.871)	(3.884.871)
Utang Pemerintah/ Due to the Government	-	-	(1.822)	(391.577)	(1.025.940)	(1.419.339)
Beban masih harus dibayar/ Accrued expenses	-	-	-	-	(1.727.648)	(1.727.648)
Utang lain-lain/ - Other payables	-	-	-	-	(911.162)	(911.162)
Liabilitas jangka panjang/Long-term liabilities	(315.951)	(1.927.987)	(50.009)	(157.096)	-	(2.451.043)
Utang obligasi/Bonds payable	-	-	-	(8.498.447)	-	(8.498.447)
Utang jangka panjang lain-lain/Other non-current payables	-	-	-	-	(64.729)	(64.729)
Jumlah liabilitas keuangan/ Total financial liabilities	(768.830)	(1.927.987)	(51.831)	(9.047.120)	(7.614.350)	(19.410.118)

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I. Risiko pasar (lanjutan)

- (iii) Risiko tingkat suku bunga arus kas dan nilai wajar (lanjutan)

Pada saat tanggal pelaporan, aset dan liabilitas keuangan dengan tingkat suku bunga mengambang, suku bunga tetap dan non-bunga adalah sebagai berikut: (lanjutan)

47. RISK MANAGEMENT POLICY (continued)

b. Financial risk (continued)

I. Market risk (continued)

- (iii) Cash flows and fair value interest rate risk (continued)

At the reporting date, the Group's financial assets and liabilities with floating rates, fixed rates and those that were non-interest bearing were as follows: (continued)

	31 Desember/December 2016					
	Suku bunga mengambang/ Floating rate		Suku bunga tetap/ Fixed rate		Non-bunga/ Non-interest bearing	Jumlah/ Total
	Jatuh tempo kurang dari satu tahun/ Maturity less than one year	Jatuh tempo lebih dari satu tahun/ Maturity more than one year	Jatuh tempo kurang dari satu tahun/ Maturity less than one year	Jatuh tempo lebih dari satu tahun/ Maturity more than one year		
Aset/Assets						
Kas dan setara kas/ Cash and cash equivalents	2.026.942	-	3.225.687	-	5.897	5.258.526
Kas yang dibatasi penggunaannya/ Restricted cash	79.537	-	43.160	-	-	122.697
Investasi jangka pendek/ Short-term investments	-	-	70.322	-	46.665	116.987
Piutang usaha/ Trade receivables	-	-	-	-	2.533.048	2.533.048
Piutang Pemerintah/ Due from the Government	-	-	-	-	1.792.457	1.792.457
Piutang lain-lain/ Other receivables	-	-	-	-	651.585	651.585
Penyertaan jangka panjang/ Long-term investments	-	391.307	-	21.960	123.084	536.351
Aset tidak lancar lainnya/ Other non-current assets	-	-	-	-	717.048	717.048
Jumlah aset keuangan/ Total financial assets	2.106.479	391.307	3.339.169	21.960	5.869.784	11.728.699
Liabilitas/Liabilities						
Pinjaman jangka pendek/ Short-term loans	(130.293)	-	-	-	-	(130.293)
Utang usaha/ Trade payables	-	-	-	-	(3.330.151)	(3.330.151)
Utang Pemerintah/ Due to the Government	-	-	(1.300)	(332.189)	(929.008)	(1.262.497)
Beban masih harus dibayar/ Accrued expenses	-	-	-	-	(1.340.966)	(1.340.966)
Utang lain-lain/ - Other payables	-	-	-	-	(269.633)	(269.633)
Liabilitas jangka panjang/Long-term liabilities	(522.888)	(1.659.053)	(50.562)	(161.924)	-	(2.394.427)
Utang obligasi/Bonds payable	-	-	-	(8.492.312)	-	(8.492.312)
Utang jangka panjang lain-lain/Other non-current payables	-	-	-	-	(47.600)	(47.600)
Jumlah liabilitas keuangan/ Total financial liabilities	(653.181)	(1.659.053)	(51.862)	(8.986.425)	(5.917.358)	(17.267.879)

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I. Risiko pasar (lanjutan)

- (iii) Risiko tingkat suku bunga arus kas dan nilai wajar (lanjutan)

Perubahan 20 basis poin atas tingkat suku bunga mengambang pada tanggal pelaporan akan berpengaruh terhadap laba sebelum pajak sebesar jumlah di bawah. Analisis ini mengasumsikan bahwa seluruh variabel lain, terutama nilai tukar mata uang asing, tidak berubah.

Dampak terhadap:	+20 bp meningkat/increase	-20 bp menurun/decrease	Effect in:
Laba sebelum pajak	351	(351)	Income before tax
Sensitivitas arus kas neto	351	(351)	Cash flows sensitivity - net

II. Risiko kredit

Grup memiliki risiko kredit signifikan yang berasal dari piutang yang belum dibayar, kas dan setara kas, serta investasi pada efek utang. Pada sebagian besar transaksinya, Grup menggunakan bank dan lembaga keuangan yang secara independen dinilai dengan peringkat AAA, AA+, AA, AA- dan A+.

Untuk penjualan non-tunai, Grup menerapkan sistem tata kerja yang mengatur mekanisme persetujuan kredit. Dalam praktik tersebut, beberapa penjualan kredit Grup telah disertai dengan agunan/jaminan bank. Untuk penjualan kredit lainnya tanpa jaminan, Grup memastikan dilakukannya evaluasi *credit scoring*, evaluasi batasan kredit dan persetujuan kredit sebelum melakukan penjualan ke pelanggan.

Grup mempunyai *Credit Management System* untuk memonitor penggunaan batasan kredit dan pemblokiran otomatis untuk tagihan yang melewati tanggal jatuh tempo mulai dari tujuh hari. Grup mengenakan sanksi keterlambatan pembayaran dalam sebagian kontrak penjualan yang didasarkan pada hasil evaluasi kredit masing-masing pelanggan.

47. RISK MANAGEMENT POLICY (continued)

b. Financial risk (continued)

I. Market risk (continued)

- (iii) Cash flows and fair value interest rate risk (continued)

A change of 20 basis points in floating interest rates at the reporting date would have affected income before tax by the amounts shown below. This analysis assumed that all other variables, in particular foreign currency rates, remain constant.

II. Credit risk

The Group has significant credit risk from unpaid receivables, cash and cash equivalents and investments in debt securities. In most transactions, the Group uses banks and financial institutions that are independently assessed with a rating of AAA, AA+, AA, AA- and A+.

For the Group's credit sales, the Group applied a standard operating procedure for credit approval mechanism. With such practice, some portion of the Group's credit sales has been secured with a collateral/bank guarantee. For other credit sales without collateral/bank guarantee, the Group ensured that credit scoring, credit limit evaluation and credit approval were performed and provided prior to any sales to the customer.

The Group also has a Credit Management System to monitor the usage of credit limits and automatic blocking facility in the case of no payment starting from seven days after the maturity date. The Group will impose penalty for overdue payments in some sales contracts based on the result of each customer's credit evaluation.

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47. KEBIJAKAN MANAJEMEN RISIKO (lanjutan)

b. Risiko keuangan (lanjutan)

II. Risiko kredit (lanjutan)

(i) Pihak ketiga dan pihak-pihak berelasi

Aset keuangan yang belum jatuh tempo dan tidak mengalami penurunan nilai

Kualitas kredit dari aset keuangan Grup yang belum jatuh tempo dan tidak mengalami penurunan nilai, dianalisis dengan mengacu pada peringkat kredit yang dikeluarkan oleh pemeringkat eksternal PT Pemeringkat Efek Indonesia (Pefindo) atau mengacu pada informasi historis tingkat risiko gagal bayar debitur. Rincian kualitas aset keuangan adalah sebagai berikut:

	<u>2017</u>	<u>2016</u>
Kas dan setara kas		
Diperingkat		
Peringkat AAA	4.525.335	4.754.911
Peringkat AA+	387.033	310.449
Peringkat AA	26.770	7.582
Peringkat AA-	2.581	33.075
Peringkat A+	31.699	14.714
Peringkat A	138.412	53.212
Tidak diperingkat	<u>114.502</u>	<u>84.583</u>
Jumlah	<u>5.226.332</u>	<u>5.258.526</u>
Kas yang dibatasi penggunaannya		
Diperingkat		
Peringkat AAA	89.688	114.855
Peringkat A+	5	7.615
Peringkat A	224	227
Tidak diperingkat	<u>2</u>	<u>-</u>
Jumlah	<u>89.919</u>	<u>122.697</u>
Investasi jangka pendek		
Diperingkat		
Peringkat AAA	13.716	18.670
Peringkat AA+	1.145	340
Peringkat AA	10.108	11.669
Peringkat AA-	3.085	4.964
Peringkat A	3.522	-
Peringkat A-	749	-
Peringkat BBB-	44.149	34.816
Peringkat BB+	-	5.195
Tidak diperingkat	<u>170.645</u>	<u>41.333</u>
Jumlah	<u>247.119</u>	<u>116.987</u>

47. RISK MANAGEMENT POLICY (continued)

b. Financial risk (continued)

II. Credit risk (continued)

(i) Third parties and related parties

Financial assets neither past due nor impaired

The credit quality of the Group's financial assets that are neither past due nor impaired, was assessed by referencing external credit ratings PT Pemeringkat Efek Indonesia (Pefindo) or to historical information about counterparty default risk rates, as follows:

Cash and cash equivalents

Rated

Rating AAA

Rating AA+

Rating AA

Rating AA-

Rating A+

Rating A

Not rated

Total

Restricted cash

Rated

Rating AAA

Rating AA+

Rating A

Not rated

Total

Short-term investments

Rated

Rating AAA

Rating AA+

Rating AA

Rating AA-

Rating A

Rating A-

Rating BBB-

Rating BB+

Not rated

Total

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b. Risiko keuangan (lanjutan)

II. Risiko kredit (lanjutan)

(i) Pihak ketiga dan pihak-pihak berelasi (lanjutan)

Aset keuangan yang belum jatuh tempo dan tidak mengalami penurunan nilai (lanjutan)

47. RISK MANAGEMENT POLICY (continued)

b. Financial risk (continued)

II. Credit risk (continued)

(i) Third parties and related parties (continued)

Financial assets neither past due nor impaired (continued)

	<u>2017</u>	<u>2016</u>	
Penyertaan jangka panjang			Long-term investments
Diperingkat			Rated
Peringkat AAA	7.198	8.873	Rating AAA
Peringkat AA+	-	8.847	Rating AA+
Peringkat AA	6.320	-	Rating AA
Peringkat BB+	-	2.000	Rating BB+
Peringkat BBB-	4.950	-	Rating BBB-
Tidak diperingkat	<u>221</u>	<u>186</u>	Not rated
Jumlah	<u>18.689</u>	<u>19.906</u>	Total
Piutang usaha			Trade receivables
Pihak ketiga			Third party
> US\$10.000			> US\$10,000
- Historis kredit baik	749.900	639.722	Good credit history -
< US\$10.000	726	9.909	< US\$10,000
Pihak-pihak berelasi	<u>307.510</u>	<u>272.866</u>	Related parties
Jumlah	<u>1.058.136</u>	<u>922.497</u>	Total
Piutang lain-lain			Other receivables
Pihak ketiga			Third parties
> US\$10.000			> US\$10,000
- Historis kredit baik	373.004	348.876	Good credit history -
< US\$10.000	76	129	< US\$10,000
Pihak-pihak berelasi	<u>284.561</u>	<u>228.524</u>	Related parties
Jumlah	<u>657.641</u>	<u>577.529</u>	Total
Aset lain-lain			Other assets
Pihak-pihak berelasi	<u>41.161</u>	-	Related parties
Jumlah	<u>41.161</u>	<u>-</u>	Total

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b. Risiko keuangan (lanjutan)

II. Risiko kredit (lanjutan)

**(i) Pihak ketiga dan pihak berelasi
(lanjutan)**

**Aset keuangan yang sudah lewat
jatuh tempo namun tidak
mengalami penurunan nilai**

	<u>2017</u>	<u>2016</u>
Piutang usaha		
- Kurang dari 3 bulan	239.544	365.006
- 3 - 6 bulan	215.334	30.820
- 6 -12 bulan	15.803	34.955
- 12 - 24 bulan	3.171	36.788
- > 24 bulan	<u>3.948</u>	<u>2.499</u>
Jumlah	<u>477.800</u>	<u>470.068</u>
Piutang lain-lain		
Pihak ketiga		
- Kurang dari 3 bulan	39.962	3.904
- 3 - 6 bulan	626	27.183
- 6 -12 bulan	112	3.947
- 12 - 24 bulan	524	6.695
- > 24 bulan	<u>921</u>	<u>3.669</u>
Sub jumlah	<u>42.145</u>	<u>45.398</u>
Pihak berelasi		
- Kurang dari 3 bulan	148	458
- 3 - 6 bulan	2	-
- 6 -12 bulan	1.332	24
- 12 - 24 bulan	68	6.215
- >24 bulan	<u>11</u>	<u>-</u>
Sub jumlah	<u>1.561</u>	<u>6.697</u>
Jumlah	<u>43.706</u>	<u>52.095</u>

Piutang usaha

Piutang usaha dari pihak ketiga dan pihak-pihak berelasi yang sudah jatuh tempo namun tidak mengalami penurunan nilai pada tanggal pelaporan terkait dengan pelanggan yang tidak memiliki sejarah gagal bayar dalam dua tahun terakhir. Beberapa piutang usaha dari pelanggan tersebut juga telah disertai dengan agunan/jaminan bank.

Pada tanggal 31 Desember 2017, piutang usaha yang sudah lewat jatuh tempo antara 12-24 bulan dan lebih dari 24 bulan terutama berasal dari PT Medco E&P sebesar US\$140,90.

47. RISK MANAGEMENT POLICY (continued)

b. Financial risk (continued)

II. Credit risk (continued)

**(i) Third parties and related parties
(continued)**

**Financial assets that are past due
but not impaired**

	<u>2017</u>	<u>2016</u>
Trade receivables		
Less than 3 months -		
3 - 6 months -		
6 - 12 months -		
12 - 24 months -		
> 24 months -		
Total		
Other receivables		
Third parties		
Less than 3 months -		
3 - 6 months -		
6 - 12 months -		
12 - 24 months -		
> 24 months -		
Sub-total		
Related parties		
Less than 3 months -		
3-6 months -		
6 - 12 months -		
12 - 24 months -		
More than 24 months -		
Sub-total		
Total		

Trade receivables

Trade receivables from third parties and related parties that are past due but not impaired at the reporting date relate to customers who have not had defaults in the past two years. Some of the accounts receivable from these customers have also been secured with collateral/bank guarantee.

As of December 31, 2017, trade receivables which are past due between 12-24 months and more than 24 months are primarily due from PT Medco E&P in the amount of US\$140.90.

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(lanjutan)****Aset keuangan yang mengalami
penurunan nilai**

	<u>2017</u>	<u>2016</u>
Piutang usaha		
- Lancar	526.075	345.563
- Kurang dari 3 bulan	167.511	423.037
- 3 - 6 bulan	78.453	41.489
- 6 - 12 bulan	20.679	8.653
- 12 - 24 bulan	67.442	466.339
- > 24 bulan	<u>193.803</u>	<u>165.566</u>
	1.053.963	1.450.647
Penurunan nilai	(258.353)	(310.164)
Neto	<u>795.610</u>	<u>1.140.483</u>
Piutang lain-lain		
Pihak-pihak berelasi		
- Kurang dari 3 bulan	110	31
- 3 - 6 bulan	31	3
- 6 - 12 bulan	1	-
- 12 - 24 bulan	1	-
- > 24 bulan	<u>1.434</u>	<u>1.403</u>
	<u>1.577</u>	<u>1.437</u>
Pihak ketiga		
- Kurang dari 3 bulan	5.577	13.383
- 3 - 6 bulan	4.613	751
- 6 - 12 bulan	6.734	2.163
- 12 - 24 bulan	4.112	8.048
- > 24 bulan	<u>13.057</u>	<u>8.591</u>
	<u>34.093</u>	<u>32.936</u>
	35.670	34.373
Penurunan nilai	(20.017)	(13.068)
Neto	<u>15.653</u>	<u>21.305</u>
Aset lain-lain		
Pihak-pihak berelasi		
- 12 - 24 bulan	-	19.550
- > 24 bulan	19.394	-
Pihak ketiga		
- Kurang dari 3 bulan	-	-
- 12 - 24 bulan	<u>17.023</u>	<u>20.707</u>
	<u>36.417</u>	<u>40.257</u>
Penurunan nilai	(36.417)	(40.257)
Neto	<u>0</u>	<u>0</u>

47. RISK MANAGEMENT POLICY (continued)**b. Financial risk (continued)****II. Credit risk (continued)****(i) Third parties and related parties
(continued)****Financial assets that are impaired**

Trade receivables
Current -
Less than 3 months -
3 - 6 months -
6 - 12 months -
12 - 24 months -
> 24 months -
Impairment
Net
Other receivables
Related parties
Less than 3 months -
3 - 6 months -
6 - 12 months -
12 - 24 months -
> 24 months -
Third parties
Less than 3 months -
3 - 6 months -
6 - 12 months -
12 - 24 months -
> 24 months -
Impairment
Net
Other assets
Related parties
12 - 24 months -
> 24 months -
Third parties
Less than 3 months -
12 - 24 months -
Impairment
Net

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b. Risiko keuangan (lanjutan)

II. Risiko kredit (lanjutan)

(i) Pihak ketiga dan pihak berelasi (lanjutan)

Aset keuangan yang mengalami penurunan nilai (lanjutan)

Piutang usaha

Piutang usaha dari pihak ketiga dan pihak-pihak berelasi sebesar US\$2.584.035 telah diturunkan nilainya sebesar US\$258.353 pada saat tanggal pelaporan dimana 40% merupakan piutang usaha dari institusi Pemerintah dan Badan Usaha Milik Negara dengan saldo terbesar adalah piutang usaha dari TNI/Kementerian Pertahanan sebesar US\$258.565 (Catatan 40a).

Piutang lain-lain

Piutang lain-lain dari pihak ketiga dan pihak-pihak berelasi tahun 2017 dan 2016 masing-masing sebesar US\$737.016 dan US\$ US\$663.997 telah diturunkan nilainya masing-masing sebesar US\$20.017 dan US\$13.068. Dalam jumlah Piutang lain-lain dari pihak ketiga dan pihak-pihak berelasi terdapat piutang-piutang sebagai berikut:

- Piutang lain-lain dari PT Donggi Senoro LNG tahun 2017 dan 2016 masing-masing sebesar US\$109.458 dan US\$105.286 (Catatan 40b).
- Piutang lain-lain dari Perta Daya Gas tahun 2017 dan 2016 masing-masing sebesar US\$34.152 dan US\$25.558 (Catatan 40b).
- Piutang lain-lain dari PT Merpati Nusantara Airlines tahun 2017 dan 2016 masing-masing sebesar US\$19.472 dan US\$19.550 (Catatan 40b).
- Piutang lain-lain dari PT Jawa Satu Power tahun 2017 adalah sebesar US\$96.000 (Catatan 40b).

47. RISK MANAGEMENT POLICY (continued)

b. Financial risk (continued)

II. Credit risk (continued)

(i) Third parties and related parties (continued)

Financial assets that are impaired (continued)

Trade receivables

Trade receivables from third parties and related parties of US\$2,584,035 were impaired amounting to US\$258,353 at the reporting date, of which 40% is from Government institutions and State-Owned Enterprises, with the largest balance being trade receivables from Indonesia Armed Force/Ministry Of Defense in the amount of US\$258,565 (Note 40a).

Other receivables

Other receivables from third parties and related parties in 2017 and 2016 amounting to US\$737,016 and US\$663,997 were impaired by US\$20,017 and US\$13,068 respectively. Included in the Other receivables from third parties and related parties are the following amounts of receivables:

- Other receivables from PT Donggi Senoro LNG in 2017 and 2016 amounting to US\$109,458 and US\$105,286, respectively (Note 40b).
- Other receivables from Perta Daya Gas in 2017 and 2016 amounting to US\$34,152 and US\$25,558, respectively (Note 40b).
- Other receivables from PT Merpati Nusantara Airlines in 2017 and 2016 amounting to US\$19,472 and US\$19,550, respectively (Note 40b).
- Other receivables from PT Jawa Satu Power in 2017 is amounting to US\$96,000 (Note 40b).

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47. KEBIJAKAN MANAJEMEN RISIKO (lanjutan)**b. Risiko keuangan (lanjutan)****II. Risiko kredit (lanjutan)****(ii) Pemerintah**

Aset keuangan yang belum jatuh tempo dan tidak mengalami penurunan pada 31 Desember 2017:

	2017	2016
Perusahaan:		
Piutang atas penggantian biaya subsidi LPG tabung 3 kg	1.404.911	1.068.920
Piutang imbalan jasa pemasaran	49.902	86.811
Piutang lain-lain	102	14
Sub-jumlah	1.454.915	1.155.745
Entitas Anak:		
PEP		
- DMO fees	90.930	77.340
PHE		
- DMO fees	25.859	25.613
- Underlifting	46.480	31.395
PEPC		
- Underlifting	174.563	79.966
Sub-jumlah	337.832	214.314
Jumlah	1.792.747	1.370.059

Aset keuangan yang mengalami penurunan nilai

	2017	2016
Perusahaan:		
Piutang atas penggantian biaya subsidi jenis BBM tertentu	473.928	422.398
Penyisihan penurunan nilai	(110.936)	-
	362.992	422.398
Jumlah konsolidasian	2.155.739	1.792.457

Lihat Catatan 8 untuk informasi mengenai piutang Pemerintah termasuk penurunan nilai piutang atas jasa pemasaran.

47. RISK MANAGEMENT POLICY (continued)**b. Financial risk (continued)****II. Credit risk (continued)****(ii) Government**

Financial assets neither past due nor impaired for December 31, 2017:

	2017	2016
The Company:		
Receivable of subsidy reimbursements for 3 kg LPG cylinders	1.404.911	1.068.920
Receivables for marketing fees	49.902	86.811
Other receivables	102	14
Sub-total	1.454.915	1.155.745
Subsidiaries:		
PEP		
DMO fees -	90.930	77.340
PHE		
DMO fees -	25.859	25.613
Underlifting -	46.480	31.395
PEPC		
Underlifting -	174.563	79.966
Sub-total	337.832	214.314
Total	1.792.747	1.370.059

Financial assets that are impaired

	2017	2016
The Company:		
Receivable of subsidy reimbursements for certain fuel (BBM) products	473.928	422.398
Provision for impairment	(110.936)	-
	362.992	422.398
Total consolidated	2.155.739	1.792.457

Refer to Note 8 for information regarding due from the Government including impaired receivables for marketing fees.

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b. Risiko keuangan (lanjutan)

III. Risiko likuiditas

Tingkat likuiditas yang diperlukan Grup untuk kegiatan operasi tidak pasti dan hal ini dapat berpengaruh buruk terhadap operasi Grup apabila Grup tidak mempunyai modal kerja yang cukup untuk memenuhi kebutuhan kas dan operasi. Hal ini dapat terjadi antara lain karena keterlambatan pembayaran subsidi dari Pemerintah.

Grup menggunakan kas dalam jumlah yang cukup signifikan operasinya, terutama untuk pengadaan komoditas dan bahan baku. Salah satu biaya operasi utama adalah pembelian bahan untuk pengolahan di kilang. Fluktuasi harga minyak mentah, gas bumi dan produk turunannya dan fluktuasi nilai tukar mata uang asing menyebabkan ketidakpastian jumlah modal kerja dan biaya untuk kegiatan hulu dan hilir dari Grup.

Grup mendanai kegiatan operasinya terutama melalui arus kas dari kegiatan operasi, dimana bagian yang signifikan terdiri dari penjualan, pembayaran subsidi, fasilitas modal kerja jangka pendek (termasuk cerukan bank, L/C dan revolving credit) dan pinjaman bank jangka panjang. Sesuai dengan penugasan PSO, Grup harus menyampaikan klaim subsidi kepada Pemerintah setiap akhir bulan untuk bahan bakar minyak subsidi yang didistribusikan selama bulan tersebut.

Pada tanggal-tanggal 31 Desember 2017 dan 2016, Grup memiliki saldo kas dan setara kas masing-masing sebesar US\$5.522.316 dan US\$5.258.526 (Catatan 5). Grup mengelola risiko likuiditas dengan melakukan monitor terhadap estimasi dan realisasi arus kas dan menyesuaikan jatuh tempo antara piutang usaha dan utang usaha.

47. RISK MANAGEMENT POLICY (continued)

b. Financial risk (continued)

III. Liquidity risk

The amount of liquidity which the Group requires for its operations is uncertain and its operations may be adversely affected if the Group does not have sufficient working capital to meet its cash and operational requirements. This may occur as a result of, amongst other reasons, delays in the payment of the Government's subsidies.

The Group uses significant amounts of cash in its operations, especially to procure commodities and raw materials. In particular, one of its principal operating costs is the acquisition of feedstock for its refineries. Fluctuations in market prices for crude oil, natural gas and their refined products and fluctuations in exchange rates cause working capital and costs for the Group's upstream and downstream operations to be uncertain.

The Group funds its operations principally through cash flows from operations, a significant portion of which comprises sales, subsidy payments, working capital facilities (including bank overdrafts, L/C and revolving credit), and long-term bank loans. In accordance with the terms of PSO's assignment, the Group is required to submit its claims for subsidy to the Government at the end of each month for the subsidised fuel distributed in that month.

As of December 31, 2017 and 2016, the Group has cash and cash equivalents in the amount of US\$5,522,316 and US\$5,258,526, respectively (Note 5). The Group manages liquidity risk by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of trade receivables and trade payables.

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b. Risiko keuangan (lanjutan)

III. Risiko likuiditas (lanjutan)

Tabel di bawah ini merupakan profil jatuh tempo liabilitas keuangan Grup berdasarkan arus kas kontraktual yang tidak terdiskonto:

	Kurang dari 1 tahun/ Less than 1 year	Lebih dari 1 tahun dan kurang dari 5 tahun/ Later than 1 year and not later than 5 years	Lebih dari 5 tahun/ Later than 5 years	Jumlah/ Total	
31 Desember 2017					December 31, 2017
Liabilitas keuangan					Financial liabilities
Pinjaman jangka pendek	452.879	-	-	452.879	Short-term loans
Utang usaha	3.884.871	-	-	3.884.871	Trade payables
Utang Pemerintah	1.115.606	255.460	48.595	1.419.661	Due to the Government
Beban akrual	1.987.659	-	-	1.987.659	Accrued expenses
Utang lain-lain	911.162	-	-	911.162	Other payables
Liabilitas jangka panjang	364.333	1.293.419	793.290	2.451.042	Long-term liabilities
Utang obligasi	478.969	4.167.874	12.735.167	17.382.010	Bonds payable
Utang jangka panjang lain-lain	442	78.848	-	79.290	Other non-current payables
Jumlah liabilitas keuangan	9.195.921	5.795.601	13.577.052	28.568.574	Total financial liabilities
31 Desember 2016					December 31, 2016
Liabilitas keuangan					Financial liabilities
Pinjaman jangka pendek	130.293	-	-	130.293	Short-term loans
Utang usaha	3.330.151	-	-	3.330.151	Trade payables
Utang Pemerintah	1.023.571	5.886	237.171	1.266.628	Due to the Government
Beban akrual	1.340.966	-	-	1.340.966	Accrued expenses
Utang lain-lain	269.633	-	-	269.633	Other payables
Liabilitas jangka panjang	694.756	1.431.691	267.980	2.394.427	Long-term liabilities
Utang obligasi	421.781	2.889.625	14.198.401	17.509.807	Bonds payable
Utang jangka panjang lain-lain	634	7.364	39.600	47.598	Other non-current payables
Jumlah liabilitas keuangan	7.211.785	4.334.566	14.743.152	26.289.503	Total financial liabilities

c. Manajemen Permodalan

Kebijakan direksi adalah mempertahankan basis modal yang kuat untuk menjaga keyakinan investor, kreditur dan pasar dan untuk mempertahankan perkembangan bisnis di masa yang akan datang. Modal terdiri dari modal saham biasa, laba ditahan, kepentingan nonpengendali dan komponen ekuitas lainnya. Direksi memastikan tingkat pengembalian modal dan tingkat dividen yang dibagikan.

47. RISK MANAGEMENT POLICY (continued)

b. Financial risk (continued)

III. Liquidity risk (continued)

The table below summarizes the maturity profile of the Group's financial liabilities based on cash flow on contractual undiscounted payments:

c. Capital Management

The Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, retained earnings, non-controlling interests and other equity components. The Board of Directors ensures the return on capital as well as the level of dividends.

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47. KEBIJAKAN MANAJEMEN RISIKO (lanjutan)

c. Manajemen Permodalan (lanjutan)

Grup sebagai entitas yang bergerak dalam bisnis minyak dan gas bumi memonitor permodalan berdasarkan rasio jumlah utang terhadap modal. Utang neto dihitung dari jumlah pinjaman termasuk jangka pendek dan jangka panjang yang mempunyai bunga, sedangkan modal dihitung dari ekuitas pada laporan posisi keuangan konsolidasian. Beban bunga rata-rata tertimbang atas pinjaman dengan bunga (kecuali liabilitas dengan *imputed interest*) adalah sebesar 4,92% (2016: 4,68%).

Rasio utang terhadap modal milik Grup yang disesuaikan pada tanggal pelaporan adalah sebagai berikut:

	<u>2017</u>
Jumlah liabilitas (berbunga)	11.795.770
Jumlah ekuitas yang dapat diatribusikan kepada pemilik entitas induk	23.320.139
Rasio utang terhadap ekuitas	50,58%
Rasio jumlah modal sendiri terhadap jumlah aset*	42,69%
Rasio tingkat pengembalian modal*	15,75%

* Sesuai dengan definisi yang diatur dalam KEP-100/MBU/2002

d. Nilai wajar

Berikut aset keuangan Grup yang diukur sebesar nilai wajar pada 31 Desember 2017:

	<u>Tingkat 1/ Level 1</u>	<u>Tingkat 2/ Level 2</u>	<u>Tingkat 3/ Level 3</u>	<u>Jumlah/ Total</u>	
Aset keuangan					Financial assets
Investasi jangka pendek	174.275	56.599	755	231.629	Short-term investments
Investasi lainnya - neto	-	-	27.328	27.328	Other investments - net
Jumlah aset keuangan	174.275	56.599	28.083	258.957	Total financial assets

Pada tanggal 31 Desember 2017, tidak terdapat pengalihan antara pengukuran nilai wajar level 1, level 2 dan level 3.

47. RISK MANAGEMENT POLICY (continued)

c. Capital Management (continued)

The Group as an entity whose main business involves oil and gas monitors capital on the basis of the debt-to-equity ratio. Net debt is calculated as total interest bearing borrowings including short-term and long-term, while total capital is calculated from equity in the statement of consolidated financial position. Weighted average interest expense on interest-bearing borrowings (excluding liabilities with *imputed interest*) was 4.92% (2016: 4.68%).

The Group's debt to equity ratio at the reporting date is as follows:

	<u>2017</u>	<u>2016</u>	
Jumlah liabilitas (berbunga)	11.795.770	11.350.522	Total liabilities (interest bearing)
Jumlah ekuitas yang dapat diatribusikan kepada pemilik entitas induk	23.320.139	21.864.245	Total equity attributable to owners of the parent
Rasio utang terhadap ekuitas	50,58%	51,91%	Debt-to-equity ratio
Rasio jumlah modal sendiri terhadap jumlah aset*	42,69%	42,46%	Total own capital* to total assets ratio
Rasio tingkat pengembalian modal*	15,75%	22,77%	Return-on-equity ratio*

* Based on definition as required in KEP-100/MBU/2002

d. Fair Value

The following are the Group's financial assets that were measured at fair value at December 31, 2017:

As of December 31, 2017, there were no transfers of fair value measurement between level 1, level 2 and level 3.

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47. KEBIJAKAN MANAJEMEN RISIKO (lanjutan)

d. Nilai wajar (lanjutan)

Berikut nilai tercatat dan nilai wajar dari liabilitas keuangan jangka panjang pada tanggal-tanggal 31 Desember 2017 dan 2016:

	Jumlah tercatat/ Carrying amount		Nilai wajar/ Fair value		
	2017	2016	2017	2016	
Liabilitas jangka panjang (Catatan 19)	2.451.043	2.394.427	2.453.486	2.470.206	Long-term liabilities (Note 19)
Utang obligasi (Catatan 20)	8.498.447	8.492.312	9.531.092	8.463.687	Bonds payable (Note 20)
Jumlah aset keuangan	10.949.490	10.886.739	11.984.578	10.933.893	Total financial assets

Nilai wajar dari liabilitas jangka panjang dinilai menggunakan diskonto arus kas berdasarkan tingkat suku bunga yang dikenakan pada masing-masing liabilitas jangka panjang Perusahaan. Nilai wajar utang obligasi diestimasi menggunakan nilai kuotasi pasar pada tanggal pelaporan keuangan.

47. RISK MANAGEMENT POLICY (continued)

d. Fair Value (continued)

The table below shows the carrying amounts and fair values of long-term financial liabilities as of December 31, 2017 and 2016:

The fair value of long-term liabilities is measured using the discounted cash flows based on the interest rate on the latest long-term liabilities of the Company. The fair value of bonds payable is determined by reference to market price at the reporting date.

48. PERJANJIAN, KOMITMEN DAN KONTINJENSI SIGNIFIKAN

a. Komitmen KKS

Sesuai dengan KKS, PT Pertamina EP wajib mengembalikan minimum 10% dari wilayah kerja awal kepada Pemerintah pada saat atau sebelum akhir tahun kontrak ke sepuluh sejak tanggal efektif KKS. Pada tanggal 18 Juli 2013 PT Pertamina EP telah mengembalikan sebesar 18,62% dari wilayah kerja awal kepada Pemerintah.

PT Pertamina EP wajib membayar bonus kepada Pemerintah sejumlah US\$1.500 dalam 30 hari setelah produksi kumulatif minyak dan gas bumi mencapai 1.500 MMBOE sejak tanggal efektif KKS.

Jumlah produksi kumulatif minyak dan gas bumi PT Pertamina EP hingga tanggal 31 Desember 2017 belum mencapai 1.500 MMBOE.

b. Komitmen modal

Grup memiliki komitmen pengeluaran barang modal dalam menjalankan usaha normalnya.

Pada tanggal 31 Desember 2017, Jumlah komitmen pengeluaran barang modal yang belum terealisasi sebesar US\$734.

48. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

a. Cooperation Contract commitment

In accordance with the Cooperation Contract, PT Pertamina EP shall relinquish minimum of 10% of the original contract area to the Government on or before the end of the tenth year from the effective date of the Cooperation Contract. On July 18, 2013, PT Pertamina EP relinquished 18.62% of initial working area to the Government.

PT Pertamina EP is required to pay a bonus to the Government amounting to US\$1,500 in 30 days after cumulative production of oil and gas reaches 1,500 MMBOE from the effective date of the Cooperation Contract.

PT Pertamina EP's cumulative production of oil and gas up to December 31, 2017 has not yet reached 1,500 MMBOE.

b. Capital commitments

The Group has capital expenditure commitments in the normal course of business.

As of December 31, 2017, the Group's unrealized total outstanding capital expenditure commitments amounted to US\$734.

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**c. Komitmen sewa operasi - Grup sebagai
pihak yang menyewa**

Jumlah pembayaran sewa operasi yang tidak dapat dibatalkan berjumlah:

	<u>2017</u>
Kurang dari satu tahun	465.882
Antara satu sampai lima tahun	571.611
Lebih dari lima tahun	<u>24.160</u>
Jumlah	<u>1.061.653</u>

Grup menyewa beberapa kapal, gedung kantor, kendaraan dan fasilitas IT atas dasar sewa operasi. Sewa umumnya berlaku selama sepuluh tahun, dengan opsi perpanjangan masa sewa.

Selama tahun yang berakhir pada tanggal 31 Desember 2017, beban sewa operasi sejumlah US\$707.845 (2016: US\$718.852).

d. Perjanjian jual beli gas

Pada tanggal 31 Desember 2017, PT Pertamina EP memiliki komitmen untuk mengirimkan gas sebesar 899.853 MMSCF kepada beberapa pelanggan. Gas tersebut akan dikirimkan secara periodik dari tahun 2017 sampai 2029.

Pada tanggal 31 Desember 2017, PHE memiliki kontrak-kontrak perjanjian pasokan gas yang signifikan kepada beberapa pelanggan, dengan nilai gas masing-masing kontrak senilai antara 0,8 TBTU hingga 1,418 TBTU. Jangka waktu kontrak tersebut dari tahun 2017 sampai 2032.

Berdasarkan Peraturan Presiden Republik Indonesia No. 40 Tahun 2016 tentang Penetapan Harga Gas Bumi dan Peraturan Menteri Energi dan Sumber Daya Mineral Republik Indonesia No. 40 Tahun 2016 tentang Harga Gas Bumi Untuk Industri Tertentu, Perusahaan melakukan amandemen penurunan kontrak harga gas dalam perjanjian jual beli gas dengan industri tertentu dan berlaku efektif sejak 30 Januari 2017.

**48. SIGNIFICANT AGREEMENTS, COMMITMENTS
AND CONTINGENCIES (continued)**

**c. Operating lease commitments - Group as
lessee**

Non-cancellable operating lease payments are as follows:

	<u>2016</u>	
	375.333	Less than one year
	553.714	Between one to five years
	<u>-</u>	More than five years
Jumlah	<u>929.047</u>	Total

The Group leases a number of vessels, office buildings, vehicles and IT facilities under operating leases. The leases typically run for a period of ten years, with an option to renew the lease.

In December 31, 2017, operating lease expense was US\$706,884 (2016: US\$718,852).

d. Gas sale and purchase agreements

As of December 31, 2017, PT Pertamina EP has various commitments to deliver gas amounting to 899,853 MMSCF to various customers. The gas will be periodically delivered from 2017 until 2029.

As of December 31, 2017, PHE has various significant gas supply agreements with various customers, with gas value of each contract between 0.8 TBTU to 1.418 TBTU. The expiration of these agreements ranges from 2017 until 2032.

Based on Indonesian Presidential Regulation No. 40 year 2016 on Natural Gas Pricing and Regulation of the Minister of Energy and Mineral Resources of the Republic of Indonesia No. 40 year 2016 on Natural Gas Price for Specific Industries, the Company amended contract gas prices decline in gas sales agreements with the particular industry effective on January 30, 2017.

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The original consolidated financial statements included herein
are in the Indonesian language.

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**48. PERJANJIAN, KOMITMEN DAN KONTINJENSI
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e. Komitmen Kontrak Pembelian LNG Jangka Panjang

Perusahaan menandatangani Kontrak Pembelian LNG Jangka Panjang dengan beberapa penjual untuk bisnis niaga LNG dengan jumlah pembelian minimum pertahun masing-masing kontrak sebanyak antara 0,1 juta ton hingga 1,5 juta ton, dengan harga beli yang terhubung dengan harga pasar tertentu pada saat pengambilan LNG tersebut. Jangka waktu kontrak tersebut dari tahun 2018 sampai 2040.

f. Perkara hukum

PT Golden Spike Energy Indonesia ("GSEI") dan PT Pertamina Hulu Energi Raja Tempirai ("PHE RT"), masing-masing adalah pemegang participating interest sebesar 50% di Blok Raja.

Pada tanggal 5 April 2013, GSEI mengajukan gugatan terhadap PHE RT di Pengadilan Negeri Jakarta Pusat dengan dasar kegiatan selama masa eksplorasi yang pendanaannya merupakan kewajiban GSEI adalah kegiatan operasi sole risk sehingga GSEI berhak atas kompensasi.

Proses pengadilan, banding, kasasi dan arbitrase telah diselesaikan. Pada tanggal 17 Februari 2017, Arbitrase ICC telah menerbitkan *third and final award* yang memutuskan bahwa PHE RT memenangkan perkara tersebut.

Putusan ICC tersebut telah didaftarkan oleh Majelis Arbiter dan diterima oleh Pengadilan Negeri Jakarta Pusat berdasarkan Akta Pendaftaran Putusan Arbitrase Internasional Nomor: 02/Pdt/Arb-Int/2017/PN.Jkt.Pst. tanggal 14 Juni 2017.

Selanjutnya untuk melakukan eksekusi terhadap *Third and Final Award* di atas, PHE RT telah mengajukan permohonan eksekutur ke Pengadilan Negeri Jakarta Pusat pada tanggal 13 Desember 2017.

**48. SIGNIFICANT AGREEMENTS, COMMITMENTS
AND CONTINGENCIES (continued)**

e. LNG Long-term Purchase Contract Commitment

The Company entered into a LNG Long Term Purchase Contract with several sellers for LNG trading business, with minimum purchase quantity per annum of each contract between 0.1 million ton to 1.5 million ton, with purchase price that linked to the related market price at the time of delivery of LNG. The term of those contracts ranges from 2018 until 2040.

f. Legal case

PT Golden Spike Energy Indonesia ("GSEI") and PT Pertamina Hulu Energi Raja Tempirai ("PHE RT") are holders of 50% participating interests each in the Raja Block JOB PSC.

On April 5, 2013, GSEI submitted a civil lawsuit against PHE RT in the Central Jakarta District Court on the basis that operations conducted during the exploration period were GSEI's Sole Risk Operations and therefore only GSEI was entitled to get compensation.

The court, objection, cessation and arbitration processes have been finalized. On February 17, 2017, the ICC Arbitration has issued the third and final award which decided the case in favor of PHE RT.

Such ICC's third and final award has been registered and received by the Central Jakarta District Court based on the Deed Number 02/Pdt/Arb-Int/2017/PN.Jkt.Pst dated June 14, 2017.

In order to execute the above Third and Final Award, PHE RT has filed the requisition for execution to the Central Jakarta District Court on December 13, 2017.

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**48. PERJANJIAN, KOMITMEN DAN KONTINJENSI
SIGNIFIKAN (lanjutan)**

g. Kontrak memberatkan

i. Penugasan PSO untuk penyediaan BBM

Perusahaan terikat komitmen dengan Pemerintah terkait penugasan PSO untuk penyediaan BBM. Perusahaan dan Pemerintah sepakat untuk menggunakan publikasi MOPS sebagai acuan harga pasar minyak untuk perhitungan subsidi. Namun, harga jual yang ditetapkan tidak dapat menutup seluruh biaya pengadaan dan distribusi BBM sehingga penjualan BBM PSO tersebut mengalami kerugian selama tahun yang berakhir pada tanggal 31 Desember 2017.

**48. SIGNIFICANT AGREEMENTS, COMMITMENTS
AND CONTINGENCIES (continued)**

g. Onerous contracts

i. The PSO assignment to supply fuel products.

The Company has an engagement with the Government for the PSO assignment to supply fuel products. The Company and the Government agreed to use MOPS as a reference for the market price of fuel products to calculate the amount of the subsidy. However, the sales price cannot cover all expenses to procure and distribute fuels products resulted losses from the sales of PSO fuel products for the year ended December 31, 2017.

49. PERISTIWA SETELAH TANGGAL PELAPORAN

**Perubahan Nomenklatur Jabatan Anggota-
Anggota Direksi Perusahaan**

Berdasarkan Salinan Keputusan Menteri Badan Usaha Milik Negara No. SK-39/MBU/02.2018 tanggal 9 Februari 2018, selaku Rapat Umum Pemegang Saham Perusahaan, susunan Direksi Perusahaan efektif tanggal 9 Februari 2018 menjadi sebagai berikut:

Direktur Utama
Plt. Direktur Pemasaran Retail
Direktur Pemasaran Korporat
Direktur Keuangan
Direktur Hulu
Direktur Pengolahan
Direktur Sumber Daya Manusia
Direktur Megaprojek
Pengolahan dan Petrokimia
Direktur Perencanaan Investasi dan
Manajemen Risiko
Direktur Manajemen Aset
Plt. Direktur Logistik, Supply Chain, dan
Infrastruktur

Elia Massa Manik
Muchamad Iskandar
Muchamad Iskandar
Arief Budiman
Syamsu Alam
Toharso
Nicke Widyawati
Ardhy N. Mokobombang
Gigih Prakoso
Dwi Wahyu Daryoto
Nicke Widyawati

49. EVENTS AFTER THE REPORTING PERIOD

**Changes in the Position Nomenclature of the
Members of the Board of Directors of the
Company**

In accordance with a copy of the Decree No. SK-39/MBU/02.2018 dated February 9, 2018 of the Minister for State-Owned Enterprises as the General Meeting of Shareholders of the Company, the composition of the Company's Directors effective on February 9, 2018 is as follows:

President Director
Acting Retail Marketing Director
Corporate Marketing Director
Finance Director
Upstream Director
Refinery Director
Human Resources Director
Mega Project Refinery and
Petrochemical Director
Investment Planning and Risk
Management Director
Asset Management Director
Acting Logistic, Supply Chain, and
Infrastructure Director

INFORMASI KEUANGAN TAMBAHAN/SUPPLEMENTARY FINANCIAL INFORMATION

Informasi berikut adalah laporan keuangan tersendiri PT Pertamina (Persero), Entitas Induk, yang merupakan informasi tambahan dalam laporan keuangan konsolidasian PT Pertamina (Persero) dan Entitas Anaknya tanggal 31 Desember 2017 dan tahun yang berakhir pada tanggal tersebut.

The following information is the separate financial statements of PT Pertamina (Persero), a Parent Entity, which is presented as supplementary information to the consolidated financial statements of PT Pertamina (Persero) and its Subsidiaries as of December 31, 2017 and for the year then ended.

PT PERTAMINA (PERSERO) ENTITAS INDUK LAPORAN POSISI KEUANGAN Tanggal 31 Desember 2017 (Dinyatakan dalam ribuan Dolar Amerika Serikat, kecuali dinyatakan lain)	31 Desember 2017/ December 31, 2017	31 Desember 2016/ December 31, 2016	PT PERTAMINA (PERSERO) PARENT ENTITY STATEMENT OF FINANCIAL POSITION As of December 31, 2017 (Expressed in thousands of US Dollars, unless otherwise stated)
ASET			ASSETS
ASET LANCAR			CURRENT ASSETS
Kas dan setara kas	2.612.796	3.396.207	Cash and cash equivalents
Kas yang dibatasi penggunaannya	12.590	51.026	Restricted cash
Piutang usaha			Trade receivables
Pihak berelasi	2.866.739	3.055.335	Related parties
Pihak ketiga	626.361	420.931	Third parties
Piutang Pemerintah	1.154.793	1.578.143	Due from the Government
Piutang lain-lain			Other receivables
Pihak berelasi	43.436	485.408	Related parties
Pihak ketiga	4.622	458	Third parties
Persediaan	5.730.428	4.454.942	Inventories
Pajak dibayar di muka - bagian lancar	418.255	127.081	Prepaid taxes - current portion
Beban dibayar di muka dan uang muka	159.458	207.167	Prepayments and advances
Jumlah Aset Lancar	13.629.478	13.776.698	Total Current Assets
ASET TIDAK LANCAR			NON-CURRENT ASSETS
Aset pajak tangguhan	996.527	419.227	Deferred tax assets
Penyertaan jangka panjang	16.924.234	14.287.454	Long-term investments
Aset tetap	8.183.446	8.040.019	Fixed assets
Piutang Pemerintah	663.114	-	Due from the Government
Pajak dibayar di muka - dikurangi bagian lancar	164.266	919.201	Prepaid taxes - net of current portion
Aset tidak lancar lainnya	3.540.800	4.051.573	Other non-current assets
Jumlah Aset Tidak Lancar	30.472.387	27.717.474	Total Non-current Assets
JUMLAH ASET	44.101.865	41.494.172	TOTAL ASSETS

INFORMASI KEUANGAN TAMBAHAN/SUPPLEMENTARY FINANCIAL INFORMATION

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ENTITAS INDUK
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PARENT ENTITY
STATEMENT OF FINANCIAL POSITION (continued)
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	<u>31 Desember 2017/ December 31, 2017</u>	<u>31 Desember 2016/ December 31, 2016</u>	
LIABILITAS DAN EKUITAS			LIABILITIES AND EQUITY
LIABILITAS			LIABILITIES
LIABILITAS JANGKA PENDEK			SHORT-TERM LIABILITIES
Pinjaman jangka pendek	255.268	-	Short-term loans
Utang usaha			Trade payables
Pihak berelasi	2.765.645	2.095.443	Related parties
Pihak ketiga	3.102.747	2.438.420	Third parties
Utang Pemerintah - bagian lancar	965.099	835.274	Due to the Government - current portion
Utang pajak			Taxes payable
Pajak penghasilan	-	214.988	Income taxes
Pajak lain-lain	151.877	177.600	Other taxes
Beban akrual	589.937	522.398	Accrued expenses
Liabilitas jangka panjang - bagian lancar	322.562	538.382	Long-term liabilities - current portion
Utang obligasi			Bonds payable
Utang lain-lain			Other payables
Pihak berelasi	69.626	33.644	Related parties
Pihak ketiga	349.782	450.211	Third parties
Pendapatan tangguhan - bagian lancar	3.177	4.963	Deferred revenues - current portion
Jumlah Liabilitas Jangka Pendek	<u>8.575.720</u>	<u>7.311.323</u>	Total Short-term Liabilities
LIABILITAS JANGKA PANJANG			LONG-TERM LIABILITIES
Utang Pemerintah - dikurangi bagian lancar	304.128	242.915	Due to the Government - net of current portion
Liabilitas jangka panjang - dikurangi bagian lancar	1.350.300	1.711.833	Long-term liabilities - net of current portion
Utang obligasi	8.498.447	8.492.312	Bonds payable
Liabilitas imbalan kerja karyawan	1.921.710	1.830.466	Employee benefit liabilities
Pendapatan tangguhan - dikurangi bagian lancar	36.976	34.602	Deferred revenues - net of current portion
Utang jangka panjang lain-lain	94.445	6.476	Other non-current payables
Jumlah Liabilitas Jangka Panjang	<u>12.206.006</u>	<u>12.318.604</u>	Total Long-term Liabilities
JUMLAH LIABILITAS	<u>20.781.726</u>	<u>19.629.927</u>	TOTAL LIABILITIES

INFORMASI KEUANGAN TAMBAHAN/SUPPLEMENTARY FINANCIAL INFORMATION

PT PERTAMINA (PERSERO)
ENTITAS INDUK
LAPORAN POSISI KEUANGAN (lanjutan)
Tanggal 31 Desember 2017
(Dinyatakan dalam ribuan Dolar Amerika Serikat,
kecuali dinyatakan lain)

PT PERTAMINA (PERSERO)
PARENT ENTITY
STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2017
(Expressed in thousands of US Dollars,
unless otherwise stated)

	<u>31 Desember 2017/ December 31, 2017</u>	<u>31 Desember 2016/ December 31, 2016</u>	
EKUITAS			EQUITY
Ekuitas yang dapat diatribusikan kepada pemilik entitas induk			<i>Equity attributable to owners of the parent entity</i>
Modal saham			<i>Share capital</i>
Modal dasar - 200.000.000 saham biasa - nilai nominal Rp1.000.000 (nilai penuh) per saham;			<i>Authorized - 200,000,000 ordinary shares at par value of Rp1,000,000 (full amount) per share;</i>
Ditempatkan dan disetor - 133.090.697 saham	13.417.047	13.417.047	<i>Issued and paid-up - 133,090,697 shares</i>
Uang muka setoran modal			<i>Advance for share issuance</i>
Tambahan modal disetor	2.736	2.736	<i>Additional paid-in capital</i>
Bantuan Pemerintah yang belum ditentukan statusnya	1.361	1.361	<i>Government contributed assets pending final clarification of status</i>
Komponen ekuitas lainnya:	487.699	664.617	<i>Other equity components</i>
Saldo laba			<i>Retained earnings</i>
- Ditentukan penggunaannya	6.871.101	4.631.441	<i>Appropriated -</i>
- Belum ditentukan penggunaannya	<u>2.540.195</u>	<u>3.147.043</u>	<i>Unappropriated -</i>
JUMLAH EKUITAS	<u>23.320.139</u>	<u>21.864.245</u>	TOTAL EQUITY
JUMLAH LIABILITAS DAN EKUITAS	<u>44.101.865</u>	<u>41.494.172</u>	TOTAL LIABILITIES AND EQUITY

INFORMASI KEUANGAN TAMBAHAN/SUPPLEMENTARY FINANCIAL INFORMATION

PT PERTAMINA (PERSERO) ENTITAS INDUK LAPORAN LABA RUGI DAN PENGHASILAN KOMPREHENSIF LAIN Untuk Tahun yang Berakhir pada Tanggal 31 December 2017 (Dinyatakan dalam ribuan Dolar Amerika Serikat, kecuali dinyatakan lain)	2017	2016	PT PERTAMINA (PERSERO) PARENT ENTITY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the Year Ended December 31, 2017 (Expressed in thousands of US Dollars, unless otherwise stated)
Penjualan dan pendapatan usaha lainnya			Sales and other operating revenues
Penjualan dalam negeri minyak mentah, gas bumi, energi panas bumi dan produk minyak	32.201.911	28.312.237	<i>Domestic sales of crude oil, natural gas, geothermal energy and oil products</i>
Penggantian biaya subsidi dari Pemerintah	3.572.084	2.568.844	<i>Subsidy reimbursements from the Government</i>
Penjualan ekspor minyak mentah, gas bumi dan produk minyak	911.370	581.837	<i>Export of crude oil, natural gas and oil products</i>
Imbalan jasa pemasaran	25.474	(257.715)	<i>Marketing fees</i>
Pendapatan usaha dari aktivitas operasi lainnya	109.283	125.864	<i>Revenues from other operating activities</i>
JUMLAH PENJUALAN DAN PENDAPATAN USAHA LAINNYA	36.820.122	31.331.067	TOTAL SALES AND OTHER OPERATING REVENUES
Beban pokok penjualan dan beban langsung lainnya			Cost of sales and other direct costs
Beban pokok penjualan	33.233.974	25.465.271	<i>Cost of goods sold</i>
Beban produksi hulu dan <i>lifting</i>			<i>Upstream production and lifting costs</i>
Beban eksplorasi	619	33.948	<i>Exploration costs</i>
JUMLAH BEBAN POKOK PENJUALAN DAN BEBAN LANGSUNG LAINNYA	33.234.593	25.499.219	TOTAL COST OF SALES AND OTHER DIRECT COSTS
LABA BRUTO	3.585.529	5.831.848	GROSS PROFIT
Beban penjualan dan pemasaran	(1.697.105)	(1.422.245)	<i>Selling and marketing expenses</i>
Beban umum dan administrasi	(959.451)	(997.153)	<i>General and administrative expenses</i>
Laba (rugi) selisih kurs - neto	40.367	(47.241)	<i>Gain(loss) on foreign exchange- net</i>
Pendapatan keuangan	148.704	213.821	<i>Finance income</i>
Beban keuangan	(341.217)	(325.012)	<i>Finance costs</i>
Bagian atas laba neto entitas asosiasi dan ventura bersama	2.014.816	1.440.600	<i>Share in net profit of associates and joint ventures</i>
Beban lain-lain - neto	(497.780)	(589.827)	<i>Other expenses - net</i>
	(1.291.666)	(1.727.057)	
LABA SEBELUM PAJAK PENGHASILAN	2.293.863	4.104.791	PROFIT BEFORE INCOME TAX

INFORMASI KEUANGAN TAMBAHAN/SUPPLEMENTARY FINANCIAL INFORMATION

PT PERTAMINA (PERSERO) ENTITAS INDUK LAPORAN LABA RUGI DAN PENGHASILAN KOMPREHENSIF LAIN (lanjutan) Untuk Tahun yang Berakhir pada Tanggal 31 December 2017 (Dinyatakan dalam ribuan Dolar Amerika Serikat, kecuali dinyatakan lain)	2017	2016	PT PERTAMINA (PERSERO) PARENT ENTITY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued) For the Year Ended December 31, 2017 (Expressed in thousands of US Dollars, unless otherwise stated)
LABA SEBELUM PAJAK PENGHASILAN	2.293.863	4.104.791	PROFIT BEFORE INCOME TAX
Beban/(manfaat) pajak penghasilan			Income tax expense/(benefit)
Pajak kini	289.507	940.410	Current tax
Pajak tangguhan	(535.839)	17.338	Deferred tax
Jumlah beban/(manfaat) pajak Penghasilan - neto	(246.332)	957.748	Income tax expense/(benefit) - net
LABA TAHUN BERJALAN	2.540.195	3.147.043	INCOME FOR THE YEAR
PENGHASILAN/(RUGI) KOMPREHENSIF LAIN			OTHER COMPREHENSIVE INCOME/(LOSS)
Pos-pos yang tidak direklasifikasi ke laba rugi dalam periode berikutnya (neto setelah pajak)			Item not to be reclassified to profit or loss in subsequent periods (net of tax)
Pengukuran kembali atas liabilitas imbangan pasti neto	(122.732)	(76.328)	Remeasurement of net defined benefit liability
Pos-pos yang akan direklasifikasi ke laba rugi dalam periode berikutnya (neto setelah pajak)			Items to be reclassified to profit or loss in subsequent periods (net of tax)
Selisih kurs karena penjabaran laporan keuangan dalam mata uang asing	1.345	16.980	Foreign exchange difference from translation of financial statements in foreign currency
Bagian penghasilan komprehensif lain dari entitas asosiasi	(55.532)	(5.696)	Share of other comprehensive income of associates
PENGHASILAN/(RUGI) KOMPREHENSIF LAIN, NETO SETELAH PAJAK	(176.919)	(65.044)	OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAX
JUMLAH PENGHASILAN KOMPREHENSIF TAHUN BERJALAN	2.363.276	3.081.999	TOTAL COMPREHENSIVE INCOME FOR THE YEAR

INFORMASI KEUANGAN TAMBAHAN/SUPPLEMENTARY FINANCIAL INFORMATION

PT PERTAMINA (PERSERO) DAN ENTITAS ANAKNYA
ENTITAS INDUK

PT PERTAMINA (PERSERO) AND ITS SUBSIDIARIES
PARENT ENTITY

LAPORAN PERUBAHAN EKUITAS

STATEMENT OF CHANGES IN EQUITY

Untuk Tahun yang Berakhir pada Tanggal 31 Desember 2017

For the Year Ended December 31, 2017

(Dinyatakan dalam ribuan Dolar Amerika Serikat, kecuali dinyatakan lain)

(Expressed in thousands of US Dollars, unless otherwise stated)

	Distribusikan kepada pemilik entitas induk/Atributable to owners of the parent entity										Jumlah ekuitas/ Total equity
	Modal saham ditempatkan dan disetor/ Issued and paid-up capital	Lang muka setoran modal/ Advance for share issuance	Tambahan modal disetor/ Additional paid-in capital	Bantuan Pemerintah yang belum ditentukan statusnya/ Government contributed assets pending final clarification of status	Bantuan Pemerintah yang belum ditentukan statusnya/ Government contributed assets pending final clarification of status	Saldo laba/Retained earnings	Penghasilan komprehensif lainnya/ Other comprehensive income	Ditentukan penggunaannya/ Appropriated	Belum ditentukan penggunaannya/ Unappropriated	Saldo laba/Retained earnings	
Saldo 1 Januari 2016/ 31 Desember 2015	9.864.901	3.552.146	2.736	1.361	1.361	(321.181)	1.051.300	3.710.670	1.420.220	19.282.153	19.282.153
Kapitalisasi uang muka setoran modal	3.552.146	(3.552.146)	-	-	-	-	-	-	-	-	-
Selisih kurs karena penjabaran laporan keuangan dalam mata uang selain US\$/ Differences arising from translation of non-US\$ financial statements	-	-	-	-	-	16.980	-	-	-	16.980	16.980
Penghasilan komprehensif lain dari entitas asosiasi	-	-	-	-	-	-	(6.144)	-	-	(6.144)	(6.144)
Pengukuran kembali atas liabilitas imbalan pasti neto	-	-	-	-	-	-	(76.338)	-	-	(76.338)	(76.338)
Pembagian dividen	-	-	-	-	-	-	-	-	(499.449)	(499.449)	(499.449)
Alokasi cadangan lain	-	-	-	-	-	-	-	920.771	(920.771)	-	-
Laba tahun berjalan	-	-	-	-	-	-	-	-	3.147.043	3.147.043	3.147.043
Saldo 31 Desember 2016	13.417.047	-	2.736	1.361	1.361	(304.201)	968.818	4.631.441	3.147.043	21.864.245	21.864.245

INFORMASI KEUANGAN TAMBAHAN/SUPPLEMENTARY FINANCIAL INFORMATION

PT PERTAMINA (PERSERO) DAN ENTITAS ANAKNYA
ENTITAS INDUKPT PERTAMINA (PERSERO) AND ITS SUBSIDIARIES
PARENT ENTITYLAPORAN PERUBAHAN EKUITAS TERSENDIRI (lanjutan)
Untuk Tahun yang Berakhir pada Tanggal 31 Desember 2017

STATEMENT OF CHANGES IN EQUITY (continued)

For the Year Ended December 31, 2017

(Dinyatakan dalam ribuan Dolar Amerika Serikat, kecuali dinyatakan lain) (Expressed in thousands of US Dollars, unless otherwise stated)

	Distribusikan kepada pemilik entitas induk/Attributable to owners of the parent entity										Balance as of	
	Modal saham dan ditempatkan dan disetor/Issued and paid-up capital	Uang muka setoran modal/Advance for share issuance	Tambahan modal disetor/Additional paid-in capital	Bantuan Pemerintah yang belum ditentukan statusnya/Government contributed assets pending final clarification of status	Komponen ekuitas lainnya/Other equity components		Pengaruhian Komprehensif lainnya/Other comprehensive income		Saldo laba/Retained earnings	Jumlah ekuitas/Total equity	January 1, 2017/December 31, 2016	
					Selisih kurs karena penjabaran laporan keuangan dalam mata uang selain US\$/Differences arising from translation of non-US\$ currency financial statements			Ditetapkan penggunaannya/ Appropriated	Belum ditentukan penggunaannya/ Unappropriated			
Saldo 1 Januari 2017/31 Desember 2016	13.417.047	-	2.736	1.361	(304.201)	968.818	4.631.441	3.147.043	21.864.245			
Dampak konsolidasi saldo awal kepentingan nonpengendali/ Etablisements Maurel Et Prom	-	-	-	-	-	-	-	-	-			
Selisih kurs karena penjabaran laporan keuangan dalam mata uang selain Dollar AS	-	-	-	-	1.225	-	-	-	1.225			
Penghasilan komprehensif lain dari entitas asosiasi	-	-	-	-	-	(55.421)	-	-	(55.421)			
Pengukuran kembali atas liabilitas imbalan pasti neto	-	-	-	-	-	(122.722)	-	-	(122.722)			
Pembagian dividen	-	-	-	-	-	-	(907.383)	-	(907.383)			
Alokasi cadangan lain	-	-	-	-	-	-	2.239.660	-	(2.239.660)			
Laba tahun berjalan	-	-	-	-	-	-	-	2.540.195	2.540.195			
Saldo 31 Desember 2017	13.417.047	-	2.736	1.361	(302.976)	790.675	6.871.101	2.540.195	23.320.139			

Impact of the consolidation beginning balance of non-controlling interest Etablisements Maurel et Prom

Differences arising from translation of non-US Dollar currency financial statements

Other comprehensive income from associate

Remeasurement of net defined benefit liability

Dividends declared

Appropriation of other reserves

Profit for the year

Balance as of December 31, 2017

INFORMASI KEUANGAN TAMBAHAN/SUPPLEMENTARY FINANCIAL INFORMATION

**PT PERTAMINA (PERSERO)
ENTITAS INDUK
LAPORAN ARUS KAS
Untuk Tahun yang Berakhir
pada Tanggal 31 Desember 2017
(Dinyatakan dalam ribuan Dolar Amerika Serikat,
kecuali dinyatakan lain)**

**PT PERTAMINA (PERSERO)
PARENT ENTITY
STATEMENT OF CASH FLOWS
For the Year Ended
December 31, 2017
(Expressed in thousands of US Dollars,
unless otherwise stated)**

	2017	2016	
ARUS KAS DARI AKTIVITAS OPERASI			CASH FLOWS FROM OPERATING ACTIVITIES
Penerimaan kas dari pelanggan	32.578.919	36.512.759	Cash receipts from customers
Penerimaan kas dari Pemerintah	3.299.858	3.068.136	Cash receipts from Government
Penerimaan kas dari restitusi pajak	514.062	-	Cash receipts from tax restitution
Pembayaran kas kepada pemasok	(26.634.755)	(26.530.500)	Payments to suppliers
Pembayaran kas kepada Pemerintah	(6.996.514)	(4.743.376)	Payments to the Government
Pembayaran pajak penghasilan badan	(333.439)	(726.890)	Payments of corporate income taxes
Pembayaran kas kepada pekerja dan manajemen	(757.916)	(634.693)	Cash paid to employees and management
Penempatan pada kas yang dibatasi penggunaannya	(132.512)	(466.501)	Placements from restricted cash
Penerimaan bunga	126.808	129.794	Receipts of interest
Kas neto yang diperoleh dari aktivitas operasi	1.664.511	6.608.729	Net cash provided by operating activities
ARUS KAS DARI AKTIVITAS INVESTASI			CASH FLOWS FROM INVESTING ACTIVITIES
Penerimaan kas dari aktivitas investasi lainnya	275.567	38.053	Cash received from other investments
Hasil dari pelepasan investasi jangka pendek	-	-	Proceeds from disposal of short-term investments
Penerimaan bunga dari investasi	6.303	-	Interest received from investments
Hasil dari pelepasan investasi jangka panjang	15.808	1.726.828	Proceeds from disposal of long-term investments
Penerimaan dividen dari entitas asosiasi	266.513	537.590	Dividends received from associates
Pembelian aset tetap	(151.550)	(524.779)	Purchases of fixed assets
Pembelian aset minyak dan gas serta panas bumi	-	-	Purchases of oil & gas and geothermal properties
Penempatan penyertaan jangka panjang	(1.195.112)	(3.092.348)	Placements in long-term investments
Penempatan investasi jangka pendek	(17)	-	Placements in short-term investments
Pembayaran aset eksplorasi dan evaluasi	(1.455)	-	Payments for exploration and evaluation assets
Kas neto yang digunakan untuk aktivitas investasi	(783.943)	(1.314.656)	Net cash used in investing activities

INFORMASI KEUANGAN TAMBAHAN/SUPPLEMENTARY FINANCIAL INFORMATION

PT PERTAMINA (PERSERO)
ENTITAS INDUK
LAPORAN ARUS KAS (lanjutan)
Untuk Tahun yang Berakhir
pada Tanggal 31 Desember 2017
(Dinyatakan dalam ribuan Dolar Amerika Serikat,
kecuali dinyatakan lain)

PT PERTAMINA (PERSERO)
PARENT ENTITY
STATEMENT OF CASH FLOWS (continued)
For the Year Ended
December 31, 2017
(Expressed in thousands of US Dollars,
unless otherwise stated)

	2017	2016	
ARUS KAS DARI AKTIVITAS PENDANAAN			CASH FLOWS FROM FINANCING ACTIVITIES
Penerimaan dari pinjaman jangka pendek	2.543.456	1.469.028	<i>Proceeds from short-term loans</i>
Penerimaan dari pinjaman jangka panjang	428.403	1.313.531	<i>Proceeds from long-term loans</i>
Pembayaran pinjaman jangka pendek	(2.288.188)	(3.114.118)	<i>Repayments of short-term loan</i>
Pembayaran pinjaman jangka panjang	(944.502)	(2.045.521)	<i>Repayments of long-term loan</i>
Pembayaran dividen	(867.751)	(554.859)	<i>Dividend Payments</i>
Pembayaran beban keuangan	(523.146)	(530.049)	<i>Payments of finance costs</i>
Pembayaran obligasi	-	(139.756)	<i>Repayments of bonds</i>
Kas neto yang digunakan untuk aktivitas pendanaan	(1.651.728)	(3.601.744)	Net cash used in financing activities
KENAIKAN (PENURUNAN) NETO KAS DAN SETARA KAS	(771.160)	1.692.329	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
Efek perubahan nilai kurs pada kas dan setara kas	(12.251)	(7.073)	<i>Effect of exchange rate changes on cash and cash equivalents</i>
SALDO KAS DAN SETARA KAS PADA AWAL TAHUN	3.396.207	1.710.952	CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR
SALDO KAS DAN SETARA KAS PADA AKHIR TAHUN	2.612.796	3.396.207	CASH AND CASH EQUIVALENTS AT END OF THE YEAR

INFORMASI KEUANGAN TAMBAHAN/SUPPLEMENTARY FINANCIAL INFORMATION

**PT PERTAMINA (PERSERO)
ENTITAS INDUK
CATATAN ATAS LAPORAN KEUANGAN
Tanggal 31 Desember 2017 dan untuk
Tahun yang Berakhir pada Tanggal Tersebut
(Dinyatakan dalam ribuan Dolar Amerika Serikat,
kecuali dinyatakan lain)**

**PT PERTAMINA (PERSERO)
PARENT ENTITY
NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2017 and
for the Year Then Ended
(Expressed in thousands of US Dollars,
unless otherwise stated)**

1. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING

Dasar Penyusunan Laporan Keuangan Tersendiri Entitas Induk

Laporan keuangan tersendiri Entitas Induk disusun sesuai dengan Pernyataan Standar Akuntansi Keuangan ("PSAK") No. 4 (Revisi 2013), "Laporan Keuangan Tersendiri".

PSAK No. 4 (Revisi 2013) mengatur dalam hal entitas memilih untuk menyajikan laporan keuangan tersendiri maka laporan tersebut hanya dapat disajikan sebagai informasi tambahan dalam laporan keuangan konsolidasian. Laporan keuangan tersendiri adalah laporan keuangan yang disajikan oleh Entitas Induk yang mencatat investasi pada entitas anak, entitas asosiasi, dan ventura bersama berdasarkan biaya perolehan atau sesuai dengan PSAK No. 55, "Instrumen Keuangan: Pengakuan dan Pengukuran".

Amendemen PSAK No. 4 (2015) memperkenankan penggunaan metode ekuitas sebagai salah satu metode pencatatan investasi Entitas Induk pada entitas anak, ventura bersama dan entitas asosiasi dalam Laporan Keuangan Tersendiri entitas tersebut.

Kebijakan akuntansi yang diterapkan dalam penyusunan laporan keuangan tersendiri entitas induk adalah sama dengan kebijakan akuntansi yang diterapkan dalam penyusunan laporan keuangan konsolidasian sebagaimana diungkapkan dalam Catatan 2.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation of the Separate Financial Statements of the Parent Entity

The separate financial statements of the Parent Entity are prepared in accordance with the Statement of Financial Accounting Standards ("SFAS") No. 4 (Revised 2013), "Separate Financial Statements".

SFAS No. 4 (Revised 2013) regulates that when an entity elected to present the separate financial statements, such financial statements should be presented as supplementary information to the consolidated financial statements. Separate financial statements are those presented by a Parent Entity, in which the investments in subsidiaries and associates are accounted for at cost or in accordance with PSAK No. 55, "Financial Instruments: Recognition and Measurement".

Amendment to SFAS No. 4 (Revised 2013) allows the use of equity method as a method of recording the investments in subsidiaries, joint ventures and associates in the Separate Financial Statements of the entity.

Accounting policies adopted in the preparation of the parent entity separate financial statements are the same as the accounting policies adopted in the preparation of the consolidated financial statements as disclosed in Note 2 to the consolidated financial statements.

**PT PERTAMINA (PERSERO)
DAN ENTITAS ANAKNYA
(INFORMASI TAMBAHAN)
Tanggal 31 Desember 2017 dan untuk
Periode yang Berakhir pada Tanggal Tersebut
(Dinyatakan dalam ribuan Dolar Amerika Serikat,
kecuali dinyatakan lain)
(Tidak Diaudit)**

**PT PERTAMINA (PERSERO)
AND ITS SUBSIDIARIES
(SUPPLEMENTAL INFORMATION)
As of December 31, 2017 and
for the Period Then Ended
(Expressed in thousands of US Dollars,
unless otherwise stated)
(Unaudited)**

ESTIMASI CADANGAN MINYAK DAN GAS BUMI

PT Pertamina EP (PEP), entitas anak PT Pertamina Hulu Energi (PHE), PT Pertamina EP Cepu (PEPC), dan entitas anak PT Pertamina Internasional Eksplorasi Produksi (PIEP) tidak mempunyai hak kepemilikan atas cadangan minyak dan gas, tetapi mempunyai hak untuk menerima hasil produksi dan/atau pendapatan dari penjualan minyak dan gas sesuai dengan KKS dan kontrak kerjasama lainnya.

Jumlah cadangan terbukti (*proved reserves*) hanya merupakan taksiran dan tidak dimaksudkan untuk menggambarkan nilai yang dapat direalisasikan atau nilai wajar dari cadangan Perusahaan, PEP, entitas anak PHE, PEPC dan entitas anak PIEP. Taksiran ini dapat berubah bila tersedia informasi baru di kemudian hari. Terdapat berbagai ketidakpastian inheren dalam mengestimasi cadangan minyak mentah dan gas, termasuk faktor-faktor yang berada di luar kendali Perusahaan, PEP, entitas anak PHE, PEPC dan entitas anak PIEP.

Manajemen berkeyakinan bahwa kuantitas cadangan termasuk bagian Pemerintah merupakan taksiran yang wajar berdasarkan data geologi dan teknik yang tersedia saat ini.

Perhitungan cadangan terbukti minyak dan gas bumi sebagai berikut:

ESTIMATED CRUDE OIL AND NATURAL GAS RESERVES

PT Pertamina EP (PEP), subsidiaries of PT Pertamina Hulu Energi (PHE), PT Pertamina EP Cepu (PEPC), and subsidiaries of PT Pertamina Internasional Eksplorasi Produksi (PIEP) have no ownership interests in the oil and gas reserves, but have the right to receive production and/or revenues from the sales of oil and gas in accordance with their PSCs and other production sharing arrangements.

The quantity of proved reserves is only an estimation and is not intended to illustrate the realizable values or fair values of reserves attributable to PEP, PHE Subsidiaries, PEPC and PIEP Subsidiaries. This estimation is subject to change whenever new information is available in the future. There are many inherent uncertainties in estimating crude oil and gas reserves, including factors beyond the control of PEP, PHE Subsidiaries, PEPC and PIEP Subsidiaries.

Management is of the opinion that the reserves quantities, which include the Government's shares are reasonable based on available geological and technical data.

The calculation of proved oil and gas reserves are as follows:

**Cadangan minyak dan gas bumi per 31 Desember 2017/
Crude oil and natural gas reserves as of December 31, 2017**

Entitas Anak/Subsidiaries	Saldo	Penambahan	Produksi/ Production	Saldo akhir	Penambahan	Produksi/ Production	Saldo akhir
	1 Jan 2016/ Balance Jan 1, 2016	dan Penyesuaian/ Addition and Adjustments		31 Des 2016/ Ending balance Dec 31, 2016	dan Penyesuaian/ Addition and Adjustments		31 Des 2017/ Ending balance Dec 31, 2017
PT Pertamina EP:**							
I Asset 1							
- Minyak dan kondensat/Oil and condensate (MBBLs)	160.446	(68.532)	(4.958)	86.956	(24.166)	(5.245)	57.545
- Gas bumi/Natural gas (MBOE)	167.015	(37.005)	(5.830)	124.180	(53.239)	(6.208)	64.733
II Asset 2							
- Minyak dan kondensat/Oil and condensate (MBBLs)	268.474	(57.143)	(6.210)	205.121	(119.321)	(6.349)	79.451
- Gas bumi/Natural gas (MBOE)	416.898	(33.864)	(24.606)	358.428	(137.275)	(27.335)	193.818
III Asset 3							
- Minyak dan kondensat/Oil and condensate (MBBLs)	262.923	(79.088)	(3.579)	180.256	(126.618)	(3.441)	50.197
- Gas bumi/Natural gas (MBOE)	343.642	(68.445)	(20.003)	255.194	(31.902)	(18.605)	204.687
IV Asset 4							
- Minyak dan kondensat/Oil and condensate (MBBLs)	48.147	(22.266)	(5.381)	20.500	37.750	(5.116)	53.134
- Gas bumi/Natural gas (MBOE)	23.661	108.345	(7.286)	124.720	62.176	(10.040)	176.856

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(Tidak Diaudit)**

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**ESTIMASI CADANGAN MINYAK DAN GAS BUMI
(lanjutan)**

**ESTIMATED CRUDE OIL AND NATURAL GAS
RESERVES (continued)**

Cadangan minyak dan gas bumi per 31 Desember 2017/
Crude oil and natural gas reserves as of December 31, 2017

Entitas Anak/Subsidiaries	Saldo	Penambahan	Produksi/ Production	Saldo akhir	Penambahan	Produksi/ Production	Saldo akhir
	1 Jan 2016/ Balance Jan 1, 2016	dan Penyesuaian/ Addition and Adjustments		31 Des 2016/ Ending balance Dec 31, 2016	dan Penyesuaian/ Addition and Adjustments		31 Des 2017/ Ending balance Dec 31, 2017
V Asset 5							
- Minyak dan kondensat/Oil and condensate (MBBLs)	138.732	(62.343)	(6.852)	69.537	(2.137)	(5.950)	61.450
- Gas bumi/Natural gas (MBOE)	88.085	(81.957)	(1.122)	5.006	2.292	(981)	6.317
VI KBT/TAC							
- Minyak dan kondensat/Oil and condensate (MBBLs)	161.862	(128.067)	(1.129)	32.666	(11.746)	(585)	20.335
- Gas bumi/Natural gas (MBOE)	67.116	(65.566)	(486)	1.064	1.288	(162)	2.190
VII KSO/OC							
- Minyak dan kondensat/Oil and condensate (MBBLs)	274.146	(156.700)	(2.173)	115.273	(78.554)	(1.399)	35.320
- Gas bumi/Natural gas (MBOE)	105.189	(85.140)	(306)	19.743	(1.889)	(500)	17.354
VIII Proyek/Project							
- Minyak dan kondensat/Oil and condensate (MBBLs)	10.207	(7.343)	(343)	2.521	2.037	(76)	4.482
- Gas bumi/Natural gas (MBOE)	223.700	(140.617)	(2.855)	80.228	(73.767)	(322)	6.139
Subtotal cadangan/Sub-total reserves (minyak/oil)	1.324.937	(581.482)	(30.625)	712.830	(322.755)	(28.161)	361.914
Subtotal cadangan/Sub-total reserves (gas bumi/natural gas)	1.435.306	(404.249)	(62.494)	968.563	(232.316)	(64.153)	672.094
PT Pertamina Hulu Energi:							
I Wilayah/Region Jawa							
JOB-PSC,PPI,IP,BOB (2 blok/blocks)							
- Minyak dan kondensat/Oil and condensate (MBBLs)	6.637	982	(3.461)	4.158	73	(3.199)	1.032
- Gas bumi/Natural gas (MBOE)	5.221	171	(1.029)	4.363	(2)	(877)	3.484
Operasi Sendiri/Own Operation (ONWJ dan/and WMO)							
- Minyak dan kondensat/Oil and condensate (MBBLs)	138.355	10.606	(10.393)	138.568	107.262	(13.681)	232.149
- Gas bumi/Natural gas (MBOE)	111.468	6.354	(10.184)	107.638	52.170	(11.631)	148.177
II Wilayah/Region Sumatera (12 blok/blocks)							
- Minyak dan kondensat/Oil and condensate (MBBLs)	37.551	(4.429)	(6.571)	26.551	8.813	(6.333)	29.031
- Gas bumi/Natural gas (MBOE)	75.818	14.927	(14.155)	76.590	(4.497)	(13.260)	58.833
III Wilayah/Region Kalimantan, Sulawesi dan/and Papua (7 blok/blocks)							
- Minyak dan kondensat/Oil and condensate (MBBLs)	14.310	4.795	(2.482)	16.623	38	(2.080)	14.581
- Gas bumi/Natural gas (MBOE)	129.737	250	(10.490)	119.497	(829)	(9.572)	109.096

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**ESTIMASI CADANGAN MINYAK DAN GAS BUMI
(lanjutan)**

**ESTIMATED CRUDE OIL AND NATURAL GAS
RESERVES (continued)**

Cadangan minyak dan gas bumi per 31 Desember 2017/
Crude oil and natural gas reserves as of December 31, 2017

	Saldo 1 Jan 2016/ Balance Jan 1, 2016	Penambahan dan Penyesuaian/ Addition and Adjustments	Produksi/ Production	Saldo akhir 31 Des 2016/ Ending balance Dec 31, 2016	Penambahan dan Penyesuaian/ Addition and Adjustments	Produksi/ Production	Saldo akhir 31 Des 2017/ Ending balance Dec 31, 2017
Entitas Anak/Subsidiaries							
IV Luar Negeri/Overseas							
- Minyak dan kondensat/Oil and condensate (MBBLs)	1.346	(1.346)	-	-	-	-	-
- Gas bumi/Natural gas (MBOE)	945	(945)	-	-	-	-	-
Subtotal cadangan/Sub-total reserves (minyak/oil)	198.199	10.608	(22.907)	185.900	116.186	(25.293)	276.793
Subtotal cadangan/Sub-total reserves (gas bumi/natural gas)	323.189	20.757	(35.858)	308.088	46.842	(35.340)	319.590
PT Pertamina EP Cepu :							
- Minyak dan kondensat/Oil and condensate (MBBLs)	120.073	51.610	(28.074)	143.609	30.779	(33.575)	140.813
- Gas bumi/Natural gas (MBOE) - non-sales	34.005	636	(893)	33.748	34.900	(1.153)	67.495
Subtotal cadangan/Sub-total reserves (minyak/oil)	120.073	51.610	(28.074)	143.609	30.779	(33.575)	140.813
Subtotal cadangan/Sub-total reserves (gas bumi/natural gas)	34.005	636	(893)	33.748	34.900	(1.153)	67.495
PT Pertamina Internasional Eksplorasi Produksi:							
I Region Timur Tengah							
- Minyak dan kondensat/Oil and condensate (MBBLs)	193.150	6.381	(2.700)	196.831	-	(1.881)	194.950
- Gas bumi/Natural gas (MBOE)	-	-	-	-	-	-	-
II Region Asia							
- Minyak dan kondensat/Oil and condensate (MBBLs)	104.254	26.795	(7.701)	123.348	(38.019)	(6.705)	78.624
- Gas bumi/Natural gas (MBOE)	87.640	48.692	(5.431)	130.901	(17.425)	(5.551)	107.925
III Region Afrika ***							
- Minyak dan kondensat/Oil and condensate (MBBLs)	77.230	12.609	(8.205)	81.634	130.562	(15.586)	196.610
- Gas bumi/Natural gas (MBOE)	-	-	-	-	27.590	(1.420)	26.170
Subtotal cadangan/Sub-total reserves (minyak dan kondensat/oil and condensate (MBBLs))	374.634	45.785	(18.606)	401.813	92.543	(24.172)	470.184
Subtotal cadangan/Sub-total reserves (gas bumi/natural gas (MBOE))	87.640	48.692	(5.431)	130.901	10.165	(6.971)	134.095

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**ESTIMASI CADANGAN MINYAK DAN GAS BUMI
(lanjutan)**

**ESTIMATED CRUDE OIL AND NATURAL GAS
RESERVES (continued)**

Entitas Anak/Subsidiaries Jumlah cadangan/Total reserves	Saldo	Penambahan	Produksi/ Production	Saldo akhir	Penambahan	Produksi/ Production	Saldo akhir
	1 Jan 2016/ Balance Jan 1, 2016	dan Penyesuaian/ Addition and Adjustments		31 Des 2016/ Ending balance Dec 31, 2016	dan Penyesuaian/ Addition and Adjustments		31 Des 2017/ Ending balance Dec 31, 2017
- Minyak dan kondensat/Oil and condensate (MBBLs)	2.017.843	(473.479)	(100.212)	1.444.152	(83.247)	(111.201)	1.249.704
- Gas bumi/ Natural gas (MBOE)	1.880.140	(334.164)	(104.676)	1.441.300	(140.409)	(107.617)	1.193.274

* Klasifikasi per aset PEP

- Aset 1 : Rantau, Pangkalan Susu, Jambi, Lirik, Ramba, Unitisasi Suban 10%
- Aset 2 : Prabumulih, Pendopo, Limau, Adera, Unitisasi Air Serdang 21,96%,
- Aset 3 : Jatibarang, Subang, Tambun, Unitisasi MB unit 47,4%
- Aset 4 : Cepu, Poleng, Unitisasi Sukowati 80%, Unitisasi Jambaran Tiung Biru 8%, Donggi Matindok, Papua, Unitisasi Wakamuk 50%
- Aset 5 : Sangatta, Bunyu, Sangasanga, Tarakan, Tanjung

** Pada tahun 2016 Perusahaan melakukan perubahan metode perhitungan cadangan di PT Pertamina EP dari metode SPE 2001 menjadi metode PRMS 2007

*** Region Afrika terdiri atas Aset Algeria, Gabon dan Tanzania. Aset Gabon & Tanzania merupakan blok produksi minyak dan gas yang dikelola oleh Maurel & Prom, yaitu independent oil and gas Company yang sahamnya telah diakuisisi oleh Pertamina sebesar 72.65% pada tanggal 22 Februari 2017. Angka cadangan minyak dan gas yang dicatatkan untuk Aset tersebut dihitung berdasarkan angka Reserves Press Release pada tanggal 8 Maret 2017 dan produksi selama 9 bulan berdasarkan press release tanggal 24 Oktober 2017 serta produksi 3 bulan berikutnya diestimasikan menggunakan data realisasi bulan sebelumnya. Angka cadangan yang dicatatkan adalah sebesar jumlah share M&P di Aset tersebut dikarenakan Pertamina telah memiliki mayoritas saham M&P. Konversi volume gas ke volume setara minyak yang digunakan untuk Aset tersebut adalah 6.0022 MMSCF per MBOE.

Berdasarkan tabel di atas jumlah cadangan minyak Grup sebesar 1.249.704 MBBLs dan cadangan gas bumi sebesar 1.193.274 MBOE.

Based on the table above, the Group's total oil reserves is 1,249,704 MBBLs and total natural gas reserves is 1,193,274 MBOE.

Estimasi volume cadangan dan produksi gas dikonversikan dari MMSCF (Millions of Standard Cubic Feet) ke MBOE (Thousand Barrels of Oil Equivalent) dengan menggunakan rate konversi 1 MMSCF = 0,1726 MBOE.

The estimated gas reserves balances and production are converted from MMSCF (Millions of Standard Cubic Feet) to MBOE (Thousand Barrels of Oil Equivalent) by applying the following conversion rate 1 MMSCF = 0.1726 MBOE

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GLOSSARY

Abbreviation	Definition
APD PPE	Alat Pelindung diri Personal Protective Equipment
BBK	Bahan Bakar Khusus Special fuel
Bbl	Barrel
BBM	Bahan Bakar Minyak Fuel
BBTUD	Billion British Thermal Unit per Day
BOPD	Barrel Oil Per Day
BSCF	Billion Standard Cubic Feet
BSCFG	Billion Standard Cubic Feet of Gas
CIP	Continuous Improvement Program
CNG	Compressed Natural Gas
COCO	Company Owned Company Operated
CODO	Company Owned Dealer Operated
Conco Delco	Contracting Company Delivery Company
CSS	Corporated Shared Service
CSMS	Contractor Safety Management System
DPPU	Depot Pengisian Pesawat Udara Aviation Fuel Depo
EOR	Enhancement Oil Recovery
ERM	Enterprise Risk Management
ERP	Enterprise Resource Planning
FSRU	Floating Storage Regasification Unit
GCG	Tata Kelola Perusahaan yang Baik Good Corporate Governance
GRR	Grass Root Refinery
GMB/CBM	Gas Metana Batubara
GWh	Gigawatt hours
GTL	Gas to Liquid
HBM	Harta Benda Modal
HSD	High Speed Diesel
ICoFR	Internal Control over Financial Reporting

Abbreviation	Definition
ICP	Indonesian Crude Price
ICT	Information and Communication Technology
IP2P	Integrated Procure to Pay
ISC	Integrated Supply Chain
ISRS	International Sustainability Rating System
JOB	Joint Operation Body
K3LL HSSE	Keselamatan, Kesehatan, Kerja dan Lindungan Lingkungan Health, Safety, Security, and Environmental
KLH	Kementerian Negara Lingkungan Hidup
KMSS	Komite Manajemen Sistem Standar
KOMET	Knowledge Management Pertamina
KSO	Kerja Sama Operasi
LHKPN	Laporan Harta Kekayaan Penyelenggaraan Negara State Official Wealth Report
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
LPP	Legal Preventive Program
LOBP	Lube Oil Blending Plant
MDGs	Millennium Development Goals
Menteri/Kementerian ESDM MoEMR	Menteri/Kementerian Energi dan Sumber Daya Mineral Minister/Ministry of Energy and Mineral Resources
MMBO	Million Metric Barrel of Oil
MMBTU	Million British Thermal Unit
MMSCFD	Million Standard Cubic Feet per Day
MOPS	Mid Oil Platts Singapore
MRU	Mobile Refueling Unit
MT	Metric Ton
MW	Mega Watt
NBBM	Non-BBM
ONWJ	Offshore Northwest Java
PCU	Pertamina Corporate University
PDSI	PT Pertamina Drilling Service Indonesia
PEP	PT Pertamina EP
PEPC	PT Pertamina EP Cepu

OTHER INFORMATION

Abbreviation	Definition
Pertagas	PT Pertamina Gas
Petral	Pertamina Energy Trading Limited
PGE	PT Pertamina Geothermal Energy
PHE	PT Pertamina Hulu Energi
PLBC	Proyek Langit Biru Cilacap
PKB/CIA	Perjanjian Kerja Bersama Collective Labor Agreement
PKBL	Program Kemitraan dan Bina Lingkungan Partnership Program and Community Development
PROPER	Program Penilaian Peringkat Kinerja Perusahaan
PSC	Production Sharing Contract
PSO	Public Service Obligation
RDMP	Refinery Development Master Plan
RFCC	Residual Fluid Catalytic Cracking
RFM	Retail Fuels Marketing
RJPP	Rencana Jangka Panjang Perusahaan Long-term Corporate Plan
RKAP	Rencana Kerja dan Anggaran Perusahaan Corporate Budget and Plan
RU	Refinery Unit
RUPS GMS	Rapat Umum Pemegang Saham General Meeting of Shareholder
SKK Migas	Satuan Kerja Khusus Pelaksana Kegiatan Usaha Hulu Minyak dan Gas Bumi Special Task Force for Upstream Oil and Gas Business Activities
SPBG	Stasiun Pengisian Bahan Bakar Gas Fuel Gas Filling Station
SPBU	Stasiun Pengisian Bahan Bakar Umum Public Fuel Filling Station
STS	Ship to ship
TAC	Technical Assistance Contract
VHS	Vendor Held Stock
VLGC	Very Large Gas Carrier

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